



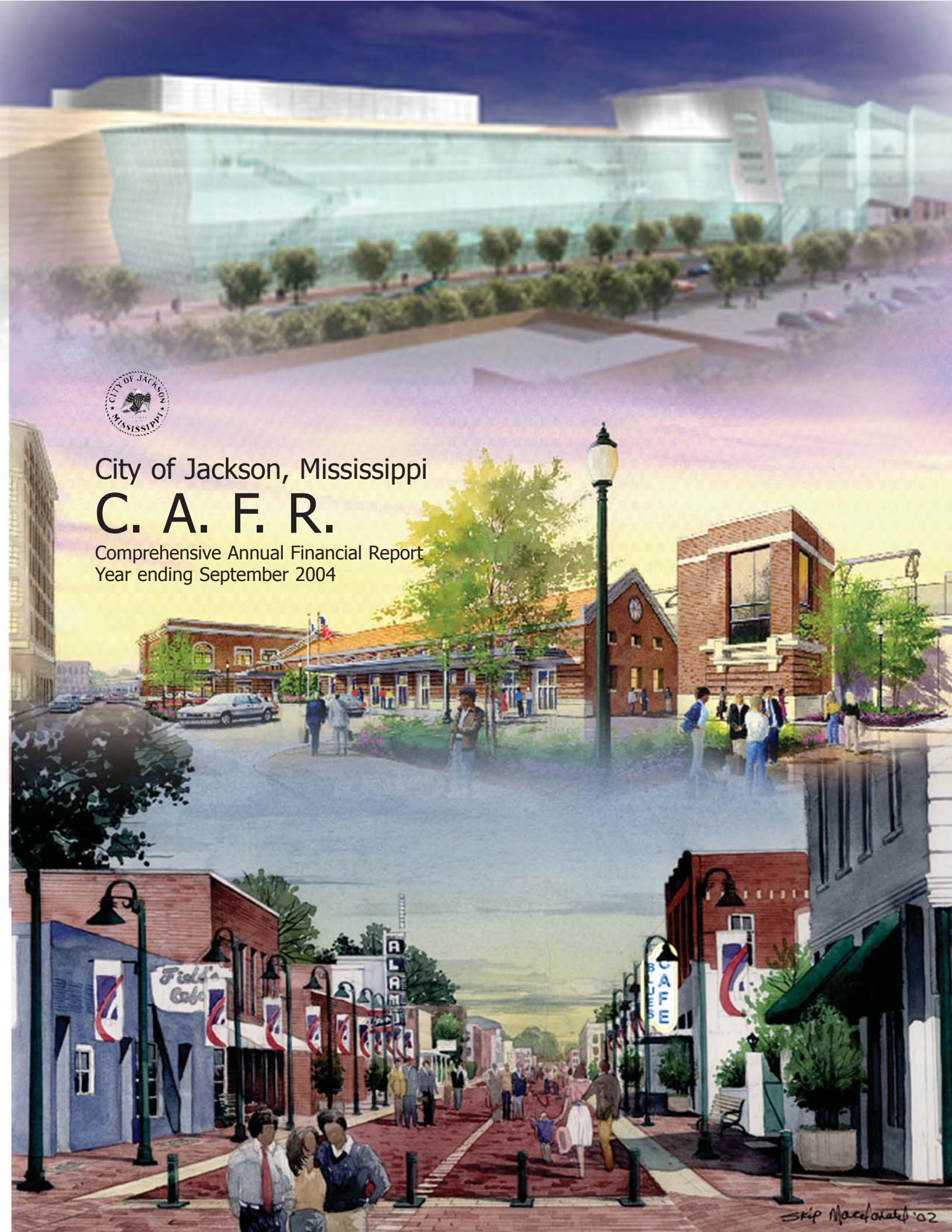
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City of Jackson, Mississippi

C. A. F. R.

Comprehensive Annual Financial Report
Year ending September 2004



Skip Macdonald '02

**CITY OF JACKSON
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED SEPTEMBER 30, 2004**

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March 31, 2005

Honorable Mayor Harvey Johnson, Jr., Members of the City Council, and
Citizens of the City of Jackson, Mississippi:

A requirement of Mississippi law is that local governments annually publish audited financial statements within six months of the end of the fiscal year. Accordingly, the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2004 for the City of Jackson, MS is submitted herewith.

An unqualified opinion on the financial statements of the City of Jackson, MS has been issued by Banks, Finley, White and Company, Certified Public Accountants, for the year ended September 30, 2004. The independent auditor's report is included in the front of the financial section of the CAFR. The City of Jackson is also required to have an audit performed in compliance with the Single Audit Act of 1984 regarding grants received from the federal government. This report is available under separate cover.

The dedicated and professional staff of the Finance Division, Department of Administration, prepared this report in accordance with Generally Accepted Accounting Principles (GAAP). We maintain that the data is accurate in all material aspects and is presented in a manner designed to set forth fairly the financial activities of the various funds of the local government. The responsibility for the accuracy of the data and the fairness and completeness of the presentation, including any disclosures necessary to enable the reader to gain an understanding of the fiscal affairs of the City, is entrusted to the administration of the local government. We further assert that the internal controls implemented provide reasonable assurance that the financial statements are free of any material misstatements.

All of the funds and account groups of the City of Jackson, MS, as well as the Jackson Redevelopment Authority (JRA), the only component unit of the City and enterprise operations are included in the 2004 CAFR. JRA is presented as a proprietary fund type within the CAFR because the City exercises significant oversight responsibility. JRA's administrative operating costs, approval of bond issues, and approval of appointments to the Board of Commissioners are authorized by the City's governing body. Additionally, JRA accounts for separate funds and maintains revenues sufficient to meet their operating costs, debt service and system replacement and maintenance needs for their parking garages and other urban renewal projects.

Four Enterprise Funds, which provide a variety of services on a fee-for services basis, are among those funds whose financial operations are included in the CAFR. These Enterprise Funds are the Water/Sewage Disposal System, Madison Sewage Disposal System, Transportation, and Sanitation and Recycling.

Organizationally, the 2004 CAFR provides information in three major sections: Introductory, Financial, and Statistical. The Introductory Section encompasses the Letter of Transmittal, the Organizational Chart of the Executive Branch of the City of Jackson, MS, a list of principal elected and appointed officials, and the 2003 Certificate of Achievement for Excellence in Financial Reporting which was awarded to the City by the Government Finance Officers Association. The Financial Section consists of the Independent Auditors Report, the Basic Financial Statements, and the various individual fund and account group financial statements and schedules. Additionally, a narrative introduction, overview, and analysis are provided in the form of Management's Discussion and Analysis (MD&A). We recommend that the MD&A on pages 3 - 11 be carefully examined by the reader to provide a more concise picture of the financial position of the City.

DESCRIPTION OF CITY OF JACKSON, MS

Historical Background

The City of Jackson, MS was founded in 1821 at the site of a trading post that was situated on a "high and handsome bluff" on the west bank of the Pearl River, which is located in the central region of the state. It is said that the trading post was operated by a French-Canadian trader named Louis LeFleur, who gave the town its original name of LeFleur's Bluff. The Mississippi Legislature wanted the seat of government moved out of the Natchez area and into a more central location. Thomas Hinds, James Patton and William Lattimore were then commissioned to locate the ideal site for the state capital. Their report to the General Assembly was that LeFleur's Bluff had "beautiful and healthful surroundings, good water, abundant timber, navigable waters, and nearness to the Natchez trace." A legislative act dated November 28, 1821 authorized the location to be the permanent seat of government and that it would be named Jackson in honor of Major General Andrew Jackson who later would become the seventh president of the United States. A \$3,500 contract was let to build Mississippi's first capitol, a two-story brick structure 40 feet by 30 feet, where the opening session was held on December 23, 1822. A second capitol building, popularly known as the "Old Capitol," was completed in 1840 and remained in use until 1903. The building, restored in 1961, has become Mississippi's Historical Museum. The New Capitol building, a magnificent structure patterned after the National Capitol, was completed in 1903.

During the Civil War, the town was ravaged and burned three times by Union troops under the command of General William Tecumseh Sherman. The destruction prompted the unwelcome nickname of "Chimneyville." Although less than 8,000 people lived in Jackson at the turn of the century, its population began accelerating rapidly after 1900.

Jackson Today

Presently, Jackson is one of the dynamic growth cities of the Sunbelt at 184,000 citizens within its radius of 102.59 square miles. Since 1985, the City of Jackson, MS has operated under the mayor-council form of government. Prior to 1985, the commission form of government, which included a mayor and two commissioners elected at-large, was

in place. Currently, the municipal government is comprised of the mayor, who is elected at large, and seven council members, who are elected by ward. In June 2001, the City re-elected Harvey Johnson, Jr. as its first African-American mayor for a second term. The mayor and council members, who have policy-making and legislative authority, serve four-year terms. The Mayor appoints, and the City Council approves, the Chief Administrative Officer, City Attorney, and eight department heads. City leaders are committed to ensuring that the municipality has a healthy financial outlook while providing essential services.

A comprehensive range of municipal services including public safety, street maintenance, water, sewer, and sanitation services, social programs, recreation activities, cultural events and general administration are provided to Jackson's citizens. These services are provided in the context of the broad public policy initiatives as determined by the elected officials of Jackson, MS. Youth and Education, Crime Prevention, Neighborhood Enhancement, Economic Development, Changes in City Government, Quality of Life, and Infrastructure and Transportation were the policy initiatives for FY 2004.

The City of Jackson, MS is required to submit its municipal budget on an annual basis to the City Council for adoption on or before the fifteenth day of the last month in the fiscal year. A seven phase Performance Based Budget process, which closely links policy initiatives, services, and available resources, is utilized to develop the budget. As the primary financial planning and control document, the budget provides the foundation for City operations. The budget is crafted to include expenditures by fund: General, Special Revenue, Debt Service, Proprietary, Trust, and Capital; by department: Administration, General Government, Human & Cultural, Parks & Recreation, Police, Fire, Personnel, Public Works, and Planning; and by category: Personal Services, Supplies and Material, Other Services, and Charges, and Capital Outlay. General Property Taxes, Licenses and Permits, Fines and Forfeitures, Intergovernmental, Admissions, Fees, Rentals, Interest, Other Revenues, and Operating Transfers are the categories that comprise the revenue budget. During the fiscal year, department heads may transfer resources within a department by following established guidelines. These transfers, along with other budget adjustments, are incorporated into Budget Revisions that must be approved by the City Council. The Executive Branch is afforded the opportunity to submit a maximum of three Budget Revisions to the City Council for approval within the fiscal year.

ECONOMIC OUTLOOK

The City is home to an international ballet, minor league baseball, and several telecommunication companies. Other major industries located within the city limits or in close proximity include the Nissan auto plant and manufacturers of power, metal fabrication, airplane parts, and machine parts and engines. Jackson is also the home to the largest banking institution of the state. Numerous healthcare facilities, including the state's only medical school, pepper the city's landscape providing employment to more than 2,900 professionals and staff.

As the population, educational, cultural, medical, and governmental nucleus of the state, the City has a relatively stable unemployment rate of 5.9 percent with an employed labor force of 93,120. This unemployment rate compares favorably to the state's overall

unemployment rate of 6.2 percent. Over the previous four years, the unemployment rate has ranged from a high of 6.6 percent to a low of 4.8 percent.

Jackson, MS, however, is highly dependent upon the public sector as an economic engine. While public sector employment is generally more stable than private sector employment, the spin-off businesses and entrepreneurial opportunities that are needed for sustained growth is not generated at the desired level. Thus, the economic development efforts must look toward business-government partnerships as a part of the solution. Towards that end, Jackson is poised to realize a number of developments of mixed use facilities in the immediate future.

The City has also begun to benefit from a variety of downtown revitalization efforts undertaken by the current administration. These efforts include a recently renovated multi-modal transportation center, completion of a major portion of a parkway project to connect downtown to the western part of the city, and the submission of paperwork to create an entertainment district in and around Farish Street, the oldest African American nationally designated historic district. Occupancy in the downtown area is at 93 percent and is expected to remain stable. The high percentage of college-educated residents who reside in Jackson is a positive trend that can further the City's efforts to becoming a dynamic urban center, "The Best of the New South."

Public safety expenditures, which increased by 4.2 percent from FY 2002 to FY 2003 and by 8.8 percent from FY 2003 to FY 2004, is reflective of the nationwide concern for security for its citizens. The number of sworn firefighters and police persons has risen along with enhanced salaries for the public safety category of employee. Additionally, the City has implemented many of the recommendations resulting from a study conducted by the nationally recognized Maple-Linder Group designed to improved public safety in the City. These recommendations have associated costs.

The State of Mississippi's 7 percent sales tax remains constant, as does the monthly remittance of 18.5% of collections to the City. Jackson property owners pay property taxes for county, city, and school totaling \$169.14 per \$1000 of assessed value. The assessment rate is 10 percent for residential property, 15 percent for other real property and 30 percent for personal property. There is no local income tax in Jackson.

FINANCIAL OUTLOOK

The City's financial stability is evidenced by the general fund reserve, fund balance reserve policy, bond ratings and other fiscal determinants. An Unrestricted General Fund Reserve policy that is within range of the level cited by GFOA as a recommended practice has been adopted by the City Council. The City's fund balance reserve amounted to 5.5 percent of the adopted General Fund operating revenues for FY 04 with incremental increases scheduled such that by FY 08, the fund balance reserve will be 7.5 percent of the adopted General Fund operating revenues.

The General fund balance available for future appropriation is \$13.3 million, which includes \$5.7 million attributable to the City's General Fund reserve policy. An additional \$3.1 million is reserved for encumbrances, inventories, state tort claims, and \$1.4 million are designated for contingencies.

Long range financial planning is essential to the continued fiscal constancy of this local government unit. In August 2003, a Multi-Year Strategic Financial & Management Plan was prepared for the City of Jackson, Mississippi for FY 03 through FY 07 by Public Financial Management and the Malachi Group. This document includes critical sections that detail potential fiscal gap projections and management initiative options to ameliorate the fiscal gap projects. The Plan serves as a critical tool to decision makers as allocations of constrained resources are made.

At October 2004, the City remained an excellent place for investors with ratings of A1 on both G.O. bonds and Revenue bonds by Moody's and A+ on G.O. bonds and A on Revenue bonds by Standard & Poor's. As a result of sound financial management practices followed by the City, an upgrade was received by the City on its Revenue Bonds from Standard and Poor's from "A-" to "A" and Moody's affirmed the "A1" rating on the G. O. bonds and revised the outlook to "stable" from "negative."

The estimated ratio of net bonded debt to estimated assessed valuations and the amount of bonded debt per capita in FY 2004 are useful gauges of the City's debt position.

POPULATION:		184,256
BONDED DEBT PER CAPITA:	\$	390
REAL & PERSONAL PROPERTY ASSESSED VALUE:	\$	903,199,804
NET BONDED DEBT (G.O):	\$	71,901,973
RATIO OF DEBT TO ASSESSED VALUE:		7.96%

The following charts reflect activities within the Debt Service Fund and Enterprise Fund:

BONDS OUTSTANDING

Category	Amount Outstanding Sept. 30, 2004	Amount Outstanding Sept. 30, 2003
General Obligation	\$ 73,195	\$ 80,810
Special Obligation Bond – Pension	27,365	31,520
Tax Increment Limited Obligation	1,205	1,565
	<hr/>	<hr/>
Bonded Debt	\$101,765	\$ 113,895
Water/Sewer General Obligation	0	630
Revenue Bonds	115,995	121,400
Urban Renewal Bonds - Component Unit	45,020	48,316
	<hr/>	<hr/>
Total	<u><u>\$ 262,780</u></u>	<u><u>\$ 284,241</u></u>

ENTERPRISE FUND – CHANGES IN NET ASSETS

Net Income (Loss)	2004	2003
Water/Sewage Disposal Fund	\$ 3,150	\$ (22,317)
Madison Sewage Disposal Fund	(37)	789
Transportation Fund	(517)	(300)
Sanitation and Recycling Fund	(47)	133
	<hr/>	<hr/>
Total Net Income	<u><u>\$ 2,549</u></u>	<u><u>\$ (21,695)</u></u>

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi employer, cost-sharing pension plan and an agent multi employer pension plan. Substantially, the City of Jackson full-time employees participate in the multi employer cost-sharing pension plan. Benefit and contribution provisions are established by state law and may be amended only by the State of Mississippi Legislature. The employer and employees' contributions represented 9.75% and 7.25% of covered payroll, respectively.

The City's uniformed police officers and fire fighters employed prior to April 1, 1976 participate in the agent multi employer pension plan. The City's contributions consist principally of allocations of ad valorem taxes derived from a 5.06 millage levy, increased annually not more than one-half mill, to meet the necessary funding level. Employees participating are required to contribute 10% of their annual salary. The financing objective is that contributions will be sufficient to make the plan actuarially sound by July 1, 2001. The ad valorem tax payments to the Public Employees' Retirement System will resume in 2009.

The City exercises an aggressive cash management policy, which involves cash flow analysis, and projection of immediate cash needs. As allowed by state statutes, surplus funds are invested in certificates of deposit with municipal depositories and direct obligations of the U. S. Treasury and collateralized repurchase agreements. Also, all remaining cash is placed in interest-bearing checking accounts. Interest earned for FY 2004 for all funds totaled \$2,319,872.00.

The City also maintains an Unemployment Compensation Revolving Fund (Expendable Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2004, the required amounts were funded. Claims totaled \$93,678 during fiscal year 2004. Worker's Compensation benefits in the amount of \$2,660,323 were paid to employees during fiscal year 2004.

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employee medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$8,655,816 and employee benefit costs were \$9,723,559 during fiscal year 2004.

FINANCIAL POLICIES

There are several distinct policies that provide the framework for the financial operations of the City. One such policy is the commitment to conservatism by the Executive Branch in projecting its annual revenues. This policy provides a safeguard to drastic reductions in a

given budget cycle in the event of under budgeted or unbudgeted costs. Another important policy adhered to by the City is the use of unrestricted, unreserved fund balance for one-time costs that result from administrative decisions that occur after budget adoption and extraordinary operating expenses that will not recur. The City of Jackson, MS also has a policy to carefully allocate one time revenues such that operating expenses are not increased.

SELECT ACCOMPLISHMENTS

Water-Sewer Revenue Bonds of \$49 million were included in the first Synthetic Fixed Rate Refinancing transaction undertaken by the City that exchanged fixed debt for variable debt. It is anticipated that the April 2004 transaction will yield present value savings of \$6.8 million over the life of the transaction.

The Glory of Baroque Dresden was displayed March 1, 2004 through September 6, 2004 exclusively at the Mississippi Arts Pavilion in downtown Jackson, Mississippi. The Dresden Exhibit was the fourth in a series of internal art exhibitions that the City has been privileged to host.

Oracle 9I database, Sun Servers with a Solaris 9 operating system, and a Hitachi Storage Area Network platform was installed to provide the necessary technological frame for a new enterprise resource planning system. Additionally, the new software and hardware platform furnishes a disaster recovery system and immediate failover for major City systems.

The completion of the Downtown Strategic Plan presented a market feasibility study and recommended strategy for the revitalization of the Central Business District that will be essential to the economic development programs embarked upon.

FUTURE INITIATIVES

After many years of seeking legislative approval, the City was authorized to offer a referendum to its voters to fund the construction of the Capital City Convention Center creating jobs and promoting economic development. The City of Jackson, MS is the only state capital without a convention center. Citizens will be asked to decide "yes" or "no" to levies in the amount of 1 percent on the gross proceeds of restaurants, 3 percent on the gross proceeds of sales of hotel and motel rooms and lodging, and 3 percent of the gross proceeds of sales at the convention center by caterers.

An investment of almost \$1 million will be made to enhance the surface of the Smith-Wills stadium, which is home to a minor league baseball team and the host to other athletic and recreational activities. The Sprint Turf will provide durability and the ability to schedule events without the potential problem of damaging the playing field.

Water-Sewer Revenue Bonds consisting of new debt and refunding of existing debt totaling \$79 million are scheduled for issuance. These bonds will provide the resources needed to continue the improvements mandated for the water-sewer system by regulatory bodies.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Jackson, Mississippi, for its comprehensive annual financial report for the fiscal year ended September 30, 2003. This was the twenty second consecutive year that the City of Jackson has received this prestigious award.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting principles and applicable legal requirements.

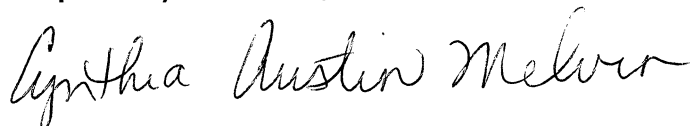
A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Additionally, the Distinguished Budget Presentation Award was received from GFOA for the budget document dated Fiscal Year 2003-04. In order to qualify for the Award, the City of Jackson's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

ACKNOWLEDGMENTS

The staff of the Department of Administration, and specifically, the Finance Division, has my appreciation for their dedication and diligence in the preparation of this report. I further thank the Office of the Mayor, Office of the Chief Administrative Officer, and the City Council for their interest and support.

Respectfully submitted,

A handwritten signature in cursive script that reads "Cynthia Austin Melvin".

**Cynthia Austin Melvin, Director
Department of Administration**

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Jackson,
Mississippi

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2003

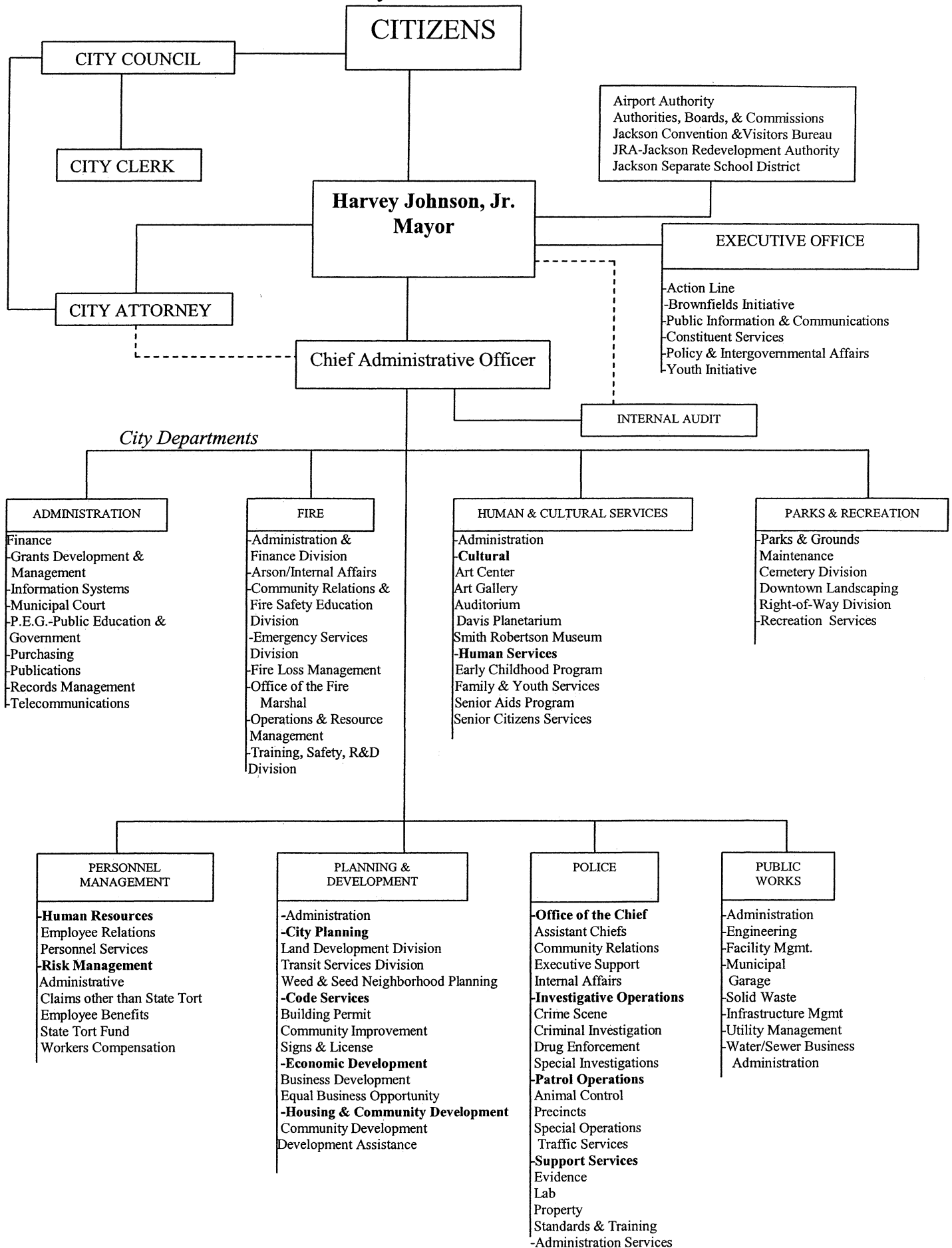
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

City of Jackson



CITY OF JACKSON
MAYOR, CITY COUNCIL AND CITY OFFICIALS
SEPTEMBER 30, 2004

EXECUTIVE

Harvey Johnson, Jr.
MAYOR

LEGISLATIVE

CITY COUNCIL

Ben Allen
Ward 1

Leslie McLemore
Ward 2
President of Council

Kenneth I. Stokes
Ward 3

William “Bo” Brown
Ward 4
Vice-President
of Council

Betty Dagner-Cook
Ward 5

Marshand K. Crisler
Ward 6

Margaret C. Barrett-Simon
Ward 7

EXECUTIVE BRANCH

Chief of Staff
A. Carolyn Hackett

Chief Administrative Officer
Otha Burton, Jr.

City Clerk
Cedric Morgan

Chief of Police
Fire Chief
Director of Public Works
Interim Director of Planning and Development
Director of Human and Cultural Services
Director of Parks and Recreation
Director of Personnel Management
Director of Administration
Director of Action Line
Director of Internal Audit
City Attorney

Robert Moore
Raymond J. McNulty
Ben E. Wolfe, Jr.
Corrine Fox
Melvin Anderson
Ramie Ford
Dutchie Presley
Cynthia Melvin
Andy Boone
Norby Harris
Terry Wallace

REPORT OF INDEPENDENT PUBLIC ACCOUNTANT

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. We also have audited the financial statements of each of the City's nonmajor governmental, nonmajor enterprise, and internal service funds presented as supplemental information in the accompanying combining and individual fund financial statements as of and for the year ended September 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the City of Jackson, Mississippi, management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the component unit of the City of Jackson, Mississippi, as follows: Jackson Redevelopment Authority which statements reflect assets and revenues of 16.68 percent and 11.99 percent, respectively, of the business-type activities funds. Those financial statements were audited by other auditors, whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for this component unit, is based solely on the report of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respect, the financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Jackson, Mississippi, as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each nonmajor governmental, nonmajor enterprise, and internal service fund of the City of Jackson as of September 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2005 on our consideration of the City of Jackson, Mississippi's internal control over financial

reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 11 is not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Jackson, Mississippi's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profits Organizations*, and is also not a required part of the basic financial statements of the City of Jackson, Mississippi. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all materials respects in relations to the financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Banks, Finley, White & Co.

BANKS, FINLEY, WHITE & CO.

Jackson, Mississippi
March 31, 2005

BASIC FINANCIAL STATEMENTS

City of Jackson
Statement of Net Assets
As of September 30, 2004
(amounts expressed in thousands)

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	Jackson Redevelopment Authority
ASSETS				
Cash and Cash Equivalents	\$ 21,117,794	\$ 6,298,279	\$ 27,416,073	\$ 4,319,453
Investments	36,826,087	79,194,914	116,021,001	(262,508)
Accounts Receivable, net	1,589,000	9,849,049	11,438,049	36,011
Other Receivable	3,628,159	765,039	4,393,198	21,778,296
Intergovernmental Receivable	8,207,577	669,057	8,876,634	-
Deferred charges	1,100,628	1,149,623	2,250,251	-
Special assessment receivable	207,510	-	207,510	-
Internal Balances	2,133,417	(2,133,417)	-	-
Inventories	858,645	1,374,812	2,233,457	-
Accrued Interest Receivable	24,710	-	24,710	341,161
Capital assets:				
Land	14,939,873	1,837,999	16,777,872	14,238,992
Buildings	18,289,815	1,776,620	20,066,435	33,452,670
Improvements other than buildings	-	410,690	410,690	-
Automotive and equipment	9,987,742	23,035,914	33,023,656	-
Infrastructure	130,735,259	206,209,948	336,945,207	-
Construction in progress	64,883,765	38,722,752	103,606,517	-
Total assets	<u>\$ 314,529,981</u>	<u>\$ 369,161,279</u>	<u>\$ 683,691,260</u>	<u>\$ 73,904,075</u>
LIABILITIES				
Liabilities:				
Accounts Payable	8,109,077	3,671,733	11,780,810	337,921
Accrued interest payable	997,435	363,567	1,361,002	627,743
Deferred revenue	2,941,512	-	2,941,512	-
Liabilities payable from restricted assets	-	3,580,678	3,580,678	220,420
Other liabilities	4,488,891	139,490	4,628,381	137,322
Noncurrent liabilities:				
Due within one year	23,040,000	9,544,293	32,584,293	3,759,917
Due in more than one year	<u>102,713,287</u>	<u>134,241,883</u>	<u>236,955,170</u>	<u>40,981,846</u>
Total liabilities	<u>142,290,202</u>	<u>151,541,644</u>	<u>293,831,846</u>	<u>46,065,169</u>
NET ASSETS				
Invested in capital assets, net of related debt	113,083,167	128,207,747	241,290,914	26,794,357
Restricted for:			-	
Debt service	1,293,026	3,580,678	4,873,704	-
Other purposes	3,093,956	-	3,093,956	239,196
Contingencies	1,400,000	-	1,400,000	-
Unrestricted	<u>53,369,630</u>	<u>85,831,210</u>	<u>139,200,840</u>	<u>805,353</u>
Total net assets	<u>172,239,779</u>	<u>217,619,635</u>	<u>389,859,414</u>	<u>27,838,906</u>
Total liabilities and net assets	<u>\$ 314,529,981</u>	<u>\$ 369,161,279</u>	<u>\$ 683,691,260</u>	<u>\$ 73,904,075</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Activities
For the year ended September 30, 2004

	Program Revenues				Changes in Net Assets			
	Expenses	Charges for Services	Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit Jackson Redevelopment Authority
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 30,020,898	\$ 3,100,756	\$ 203,261	\$ 123,077	\$ (26,593,804)	\$ -	\$ (26,593,804)	\$ -
Public safety	59,494,629	5,661,425	964,150	11,604,507	(41,264,547)	-	\$ (41,264,547)	-
Public works	19,656,908	2,682,402	2,377,000	923,808	(13,673,698)	-	\$ (13,673,698)	-
Human and cultural services	10,828,830	2,035,652	1,066,393	123,077	(7,603,708)	-	\$ (7,603,708)	-
Employee benefits	2,329,235	901		-	(2,328,334)	-	\$ (2,328,334)	-
Interest on long-term debt	5,965,580	-	-	-	(5,965,580)	-	\$ (5,965,580)	-
Total governmental activities	128,296,080.09	13,481,136.00	4,610,804.00	12,774,469.00	(97,429,671.09)	-	(97,429,671.09)	-
Business-type activities:								
Water/Sewer	39,298,627	40,809,412	215,559	-	-	1,726,344	2,504,776	-
Transportation	6,117,388	474,531	1,608,346	-	-	(4,034,511)	5,390,429	-
Sanitation	9,204,636	9,030,825	122,654	-	-	(51,157)	9,251,902	-
Total business-type activities	54,620,651	50,314,768	1,946,559	-	-	(2,359,324)	17,147,107	-
Total primary government	\$ 182,916,731	\$ 63,795,904	\$ 13,763,344	\$ 1,520,744	\$ -	\$ (2,359,324)	\$ 132,308,614	\$ -
Component units:								
Jackson Redevelopment Authority	\$ 6,000,375	\$ 3,813,633	\$ 1,438,020	\$ 1,870,757	\$ -	\$ -	\$ -	\$ 1,122,035
Total component units	\$ 6,000,375	\$ 3,813,633	\$ 1,438,020	\$ 1,870,757	\$ -	\$ -	\$ -	\$ 1,122,035
	General revenues:							
	Property taxes				60,675,225	-	60,675,225	-
	Sales taxes				36,592,945	-	36,592,945	-
	Franchise taxes				8,460,144	-	8,460,144	-
	Grants and contributions not restricted to specific programs				-	-	-	28,267
	Unrestricted investment earnings				963,697	1,353,136	2,316,833	-
	Gain on sale of capital assets				26,800	41,694	68,494	-
	Miscellaneous				3,034,249	-	3,034,249	-
	Transfers				(3,513,000)	3,513,000	-	-
	Total general revenues, special items, and transfers				106,240,060	4,907,830	111,147,890	28,267
	Change in net assets				8,810,388	2,548,506	161,620,554	1,150,302
	Net assets - beginning				112,328,700	215,071,130	286,648,163	26,688,604
	Prior period adjustment				51,100,691	-	51,100,691	-
	Net assets - ending				\$ 172,239,779	\$ 217,619,636	\$ 499,369,408	\$ 27,838,906

**City of Jackson
Balance Sheet
Governmental Funds
As of September 30, 2004**

	<u>General Fund</u>	<u>Debt Service</u>	<u>Improvement Fund</u>	<u>1998 GO Bond</u>	<u>2003 GO Bond</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and Cash Equivalents	\$ 10,742,919	\$ 1,708,725	\$ 1,441,128	\$ 3,747,277	\$ 775,095	\$ 2,428,935	\$ 20,844,079
Investments	4,398,320	-	1,263,446	12,578,150	16,449,271	2,136,899	36,826,086
Accounts Receivable, net	-	11,841	128,825	-	-	121,902	262,568
Other Receivable	3,057,524	-	174,943	155,713	202,658	-	3,590,838
Intergovernmental Receivable	3,172,550	-	2,452,771	-	-	2,582,256	8,207,577
Deferred charges	207,500	-	-	-	-	-	207,500
Special assessment receivable	-	207,510	-	-	-	-	207,510
Due from other funds	2,394,255	-	322,436	-	-	164,400	2,881,091
Inventories	858,645	-	-	-	-	-	858,645
Accrued Interest	-	-	-	-	-	24,710	24,710
Total assets	<u>\$ 24,831,713</u>	<u>\$ 1,928,076</u>	<u>\$ 5,783,549</u>	<u>\$ 16,481,140</u>	<u>\$ 17,427,024</u>	<u>\$ 7,459,102</u>	<u>\$ 73,910,604</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts Payable	\$ 2,052,440	\$ 1,898	\$ 887,431	\$ 628,962	\$ 268,329	\$ 3,018,534	\$ 6,857,594
Due to other funds	-	300,000	-	-	-	447,274	747,274
Deferred revenue	1,539,801	215,147	15,538	-	-	671,026	2,441,512
Other liabilities	3,467,086	118,005	840,729	-	-	62,348	4,488,168
Total liabilities	<u>7,059,327</u>	<u>635,050</u>	<u>1,743,698</u>	<u>628,962</u>	<u>268,329</u>	<u>4,199,182</u>	<u>14,534,548</u>
Fund Balances							
Reserved for:							
Inventories	858,645	-	-	-	-	-	858,645
State tort claims	2,235,311	-	-	-	-	-	2,235,311
Debt service	-	1,293,026	-	-	-	-	1,293,026
Unreserved, reported in							
General fund	13,278,430	-	-	-	-	-	13,278,430
Special revenue funds	-	-	4,039,851	-	-	1,867,244	5,907,095
Capital projects funds	-	-	-	15,852,178	17,158,695	1,392,676	34,403,549
Designated for contingencies	1,400,000	-	-	-	-	-	1,400,000
Total fund balances	<u>17,772,386</u>	<u>1,293,026</u>	<u>4,039,851</u>	<u>15,852,178</u>	<u>17,158,695</u>	<u>3,259,920</u>	<u>59,376,056</u>
Total liabilities and fund balances	<u>\$ 24,831,713</u>	<u>\$ 1,928,076</u>	<u>\$ 5,783,549</u>	<u>\$ 16,481,140</u>	<u>\$ 17,427,024</u>	<u>\$ 7,459,102</u>	
Amounts reported for governmental activities in the statement of net assets are different because:							
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds							
							238,836,453
Other long-term assets are not available for to pay for current-period expenditures, and, therefore are deferred in the funds							
							(224,429)
The internal service fund is used to account for the group benefit plan.							
The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets							
							4,986
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.							
							(125,753,287)
Net assets of governmental activities							<u>\$ 172,239,779</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
As of September 30, 2004

	General Fund	Debt Service	Improvement Fund	1998 GO Bond	2003 GO Bond	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
General property taxes	\$ 41,660,404	\$ 10,062,711	\$ 794,967	\$ -	\$ -	\$ 7,460,851	\$ 59,978,933
Licenses and permits	2,672,486	-	-	-	-	-	2,672,486
Intergovernmental	41,416,194	316,313	1,964,647	-	590,199	11,332,866	55,620,219
Fines and forfeitures	3,123,296	-	-	-	-	-	3,123,296
Special assessments	-	25,911	-	-	-	-	25,911
Admissions, fees, rentals and concessions	2,682,402	-	-	-	-	472,968	3,155,370
Interest	183,359	61,281	40,545	281,409	291,935	105,168	963,697
Other	12,146,741	791,401	98,193	-	-	585,059	13,621,394
Total revenues	<u>103,884,882</u>	<u>11,257,617</u>	<u>2,898,352</u>	<u>281,409</u>	<u>882,134</u>	<u>19,956,912</u>	<u>139,161,306</u>
EXPENDITURES							
Current:							
General government	22,008,386	-	21,120	-	-	8,366,588	30,396,094
Public safety	57,059,135	-	-	-	-	2,113,922	59,173,057
Public works	12,149,369	-	6,721,690	1,698,571	2,638,293	2,348,797	25,556,720
Human and Cultural services	3,525,125	-	-	-	343,552	5,627,614	9,496,291
Employee benefits	2,660,323	-	-	-	-	186,087	2,846,410
Miscellaneous	565,977	148,761	-	-	-	247,249	961,987
Debt Service:							
Principal	-	7,345,000	-	-	-	4,155,000	11,500,000
Interest and service charges	-	3,921,938	-	-	-	2,055,416	5,977,354
Capital outlay:							
Public works	-	-	3,680	-	-	-	3,680
Public safety	-	-	-	-	-	86,259	86,259
Human and Cultural services	-	-	-	-	4,415	958,857	963,272
Total expenditures	<u>97,968,315</u>	<u>11,415,699</u>	<u>6,746,490</u>	<u>1,698,571</u>	<u>2,986,260</u>	<u>26,145,789</u>	<u>146,961,124</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,916,567</u>	<u>(158,082)</u>	<u>(3,848,138)</u>	<u>(1,417,162)</u>	<u>(2,104,126)</u>	<u>(6,188,877)</u>	<u>(7,799,818)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	923,023	1,372,453	910,145	-	-	3,968,118	7,173,739
Transfers out	(8,995,287)	(372,454)	-	-	(31,000)	(2,616,523)	(12,015,264)
Transfer out - Component Unit	(1,438,020)	-	-	-	-	-	(1,438,020)
Proceeds from capital leases	2,842,142	-	1,997,257	-	-	-	4,839,399
Total other financing sources (uses)	<u>(6,668,142)</u>	<u>999,999</u>	<u>2,907,402</u>	<u>-</u>	<u>(31,000)</u>	<u>1,351,595</u>	<u>(1,440,146)</u>
Net change in fund balances	(751,575)	841,917	(940,736)	(1,417,162)	(2,135,126)	(4,837,282)	(9,239,964)
Fund balances at beginning of year	<u>18,523,961</u>	<u>451,109</u>	<u>4,980,587</u>	<u>17,269,340</u>	<u>19,293,821</u>	<u>8,097,202</u>	<u>68,616,020</u>
Fund balances at end of year	<u>\$ 17,772,386</u>	<u>\$ 1,293,026</u>	<u>\$ 4,039,851</u>	<u>\$ 15,852,178</u>	<u>\$ 17,158,695</u>	<u>\$ 3,259,920</u>	<u>\$ 59,376,056</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Reconciliation of the Statement of Revenue
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended September 30, 2004

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances – total governmental funds	\$(9,239,964)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	12,510,770
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, Trade-ins, and donations) is to increase net assets.	(14,323)
Revenues reported in the funds that provide current financial resources that were reported as revenues in the statement of activities in prior year	696,292
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to Governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance cost, premiums, discounts and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	10,004,322
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(4,081,734)
Internal service funds are used by management to account for the accumulation of revenues to be used to fund liabilities and payments of the City's group benefit plan.	<u>(1,064,975)</u>
Change in the net assets of governmental activities	<u><u>\$ 8,810,388</u></u>

The notes to the financial statements are an integral part of this statement

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
General property taxes				
Current realty taxes	\$ 22,292,535	\$ 22,292,535	\$ 22,536,457	\$ 243,922
Current personal taxes	11,625,774	11,625,774	11,760,584	134,810
Ad valorem taxes on automobiles	5,556,873	5,556,873	5,617,737	60,864
Motor Vehicle Renal Tax	680,000	680,000	552,238	(127,762)
Delinquent taxes	85,000	85,000	194,310	109,310
Interest on current taxes	300,000	300,000	522,740	222,740
Interest on delinquent taxes	200,000	200,000	312,374	112,374
Community improvement	50,000	100,000	135,140	35,140
Rail Car Taxes	30,000	30,000	28,824	(1,176)
Total general property taxes	<u>40,820,182</u>	<u>40,870,182</u>	<u>41,660,404</u>	<u>790,222</u>
Licenses and permits				
Privilege licenses	410,000	360,000	354,424	(5,576)
Building permits	610,800	610,800	673,403	62,603
Air conditioning and duct permits	50,000	50,000	26,719	(23,281)
Plumbing permits	60,000	60,000	50,158	(9,842)
Electric permits	100,000	100,000	95,948	(4,052)
Gas Permits	70,000	70,000	47,737	(22,263)
Historic preservation application	1,000	1,000	900	(100)
Landscape permits	2,700	2,700	178	(2,522)
Dance hall and other recreational fees	25,000	25,000	5,400	(19,600)
Massage parlor and pool hall permits	1,750	1,750	-	(1,750)
Landfill charges	1,050,000	1,150,000	1,166,514	16,514
Taxicab license fees	2,000	2,000	1,504	(496)
Sign permits	173,000	173,000	165,508	(7,492)
Zoning permits	45,000	45,000	26,950	(18,050)
Combustible and flammable liquid permits	4,500	4,500	5,725	1,225
Fireworks Display Permit	-	-	450	450
Aircraft registration	8,500	8,500	6,795	(1,705)
Transit Merchants-Peddlers License	6,000	6,000	8,450	2,450
Boarding, Lodging-Licenses	1,000	1,000	1,035	35
Adult entertainment-and License	40,000	40,000	24,921	(15,079)
Special event fee	40,000	1,689	1,515	(174)
SOB License-Planning	-	-	300	300
Fire inspection permit	-	-	5,205	5,205
Annual vehicle inspecton	4,000	4,000	2,747	(1,253)
Total licenses and permits	<u>2,705,250</u>	<u>2,716,939</u>	<u>2,672,486</u>	<u>(44,453)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- postive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Continued):				
Intergovernmental Revenues:				
State Grants and Shared Revenues:				
Alcohol permits	\$ 236,000	\$ 236,000	\$ 260,800	\$ 24,800
Gasoline Tax	32,000	32,000	31,147	(853)
Municipal revolving fund	116,000	116,000	96,040	(19,960)
State reimb training academy	150,000	150,000	128,700	(21,300)
State fire protection	832,827	787,259	787,259	-
Sales tax	35,135,000	35,800,000	35,881,690	81,690
Bus & truck privilege tax	615,000	615,000	680,108	65,108
Wireless radio communication program		-	260,049	260,049
Jackson Convention & Visitors	13,875	13,875	11,125	(2,750)
MS-Domestic Violence Grant	40,000	290,000	123,077	(166,923)
Homestead exemption	1,258,250	1,258,250	1,268,241	9,991
Total state grants shared revenues	<u>38,428,952</u>	<u>39,298,384</u>	<u>39,528,236</u>	<u>229,852</u>
Federal and State Grants and Shared Revenues:				
Weapons of Mass Destruction	128,857	128,857	24,959	(103,898)
HITDA Grant	32,044	214,075	143,570	(70,505)
COPS- Universal Hire	1,606,955	1,606,955	610,724	(996,231)
Dept of Justice-Weed & Seed	175,000	217,311	107,221	(110,090)
MDOT Summer Youth reimbursement	30,000	30,000	18,920	(11,080)
MS-Seatbelt Enforcement	-	10,100	8,100	(2,000)
Paul Coverdale Grant	-	34,921	-	(34,921)
Historic Preservation	10,000	-	-	-
Other shared revenue	-	-	50,656	50,656
Total federal and state shared revenues	<u>1,982,856</u>	<u>2,242,219</u>	<u>964,150</u>	<u>(1,278,069)</u>
County Revenues:				
Pro rata road tax	1,000,000	925,000	923,808	(1,192)
Smith Robertson Museum	10,000	10,000	-	(10,000)
Hinds County 911	4,900	4,900	-	(4,900)
Total county revenue	<u>1,014,900</u>	<u>939,900</u>	<u>923,808</u>	<u>(16,092)</u>
Total intergovernmental revenues	<u>41,426,708</u>	<u>42,480,503</u>	<u>41,416,194</u>	<u>(1,064,309)</u>
Fines and Forfeitures:				
Court & misdemeador fines	1,451,150	850,805	876,389	25,584
Vehicle parking fines	275,000	235,000	128,739	(106,261)
Moving traffic violations	2,325,000	1,825,000	1,443,075	(381,925)
City court costs	289,000	289,000	269,213	(19,787)
Bad check fee and Warrant fee	333,000	333,000	215,506	(117,494)
Motor Vehicle Liability	5,000	5,000	-	(5,000)
Animal control citations	5,000	5,000	4,441	(559)
Municipal court computer	30,000	30,000	22,066	(7,934)
Municipal court drivers impr fee	25,000	25,000	41,005	16,005
Daily storage fee-vehicle	40,000	40,000	26,697	(13,303)
Parking - Boot fee	1,000	1,000	314	(686)
False alarm penalty fee	55,000	5,000	191	(4,809)
Wrecker fees	18 100,000	100,000	95,660	(4,340)
Total fines and forfeitures	<u>4,934,150</u>	<u>3,743,805</u>	<u>3,123,296</u>	<u>(620,509)</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Continued):				
Admissions, Fees, Rentals and Concessions:				
Parking meters	\$ 728,000	\$ 328,000	\$ 316,304	\$ (11,696)
Municipal Auditorium:				
Rentals	133,500	133,500	113,169	(20,331)
Concessions	5,000	5,000	2,259	(2,741)
Local record fee	6,000	6,000	5,206	(794)
Pistol Range rent	1,500	1,500	78	(1,422)
Outdoor adversting	25,000	25,000	14,170	(10,830)
Fire Water flow test fee	1,000	1,000	220	(780)
Fire Reports	2,000	2,000	6,610	4,610
Accident report fee	65,000	65,000	74,258	9,258
Background check fee	43,300	43,300	17,965	(25,335)
Bail bondsman mug shot fee	750	750	120	(630)
Bail bondsman ID card	600	600	989	389
Fingerprinting	15,285	15,285	9,546	(5,739)
Verification of records	27,000	27,000	21,440	(5,560)
Rents & Royalties	275,000	285,000	303,810	18,810
Ceramics Income	1,000	1,000	-	(1,000)
Tower Rentals	1,404,000	1,544,000	1,625,545	81,545
Taxicab Mugshot Fee	-	-	15	15
Arts Center:				
Donations	-	-	20	20
Admissions, rents and royalties	3,300	3,300	-	(3,300)
Community room rent	16,500	16,500	11,710	(4,790)
Concessions	500	500	505	5
Planetarium:				
Admissions,Discovery Shop, etc.	173,000	133,000	137,604	4,604
Senior Centers Reservation Fee	15,000	15,000	9,334	(5,666)
Smith Robertson Museum:				
Donations	-	-	32	32
Admissions, rental	9,500	9,500	11,493	1,993
Total admissions and rentals	<u>2,951,735</u>	<u>2,661,735</u>	<u>2,682,402</u>	<u>20,667</u>
Interest:				
Earned on investments	256,298	156,298	170,317	14,019
Earned on accounts	<u>5,000</u>	<u>5,000</u>	<u>13,042</u>	<u>8,042</u>
Total interest earned	<u>261,298</u>	<u>161,298</u>	<u>183,359</u>	<u>22,061</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues (Continued):				
Other Revenues:				
Public utility	\$ 4,238,000	\$ 4,288,000	\$ 4,402,624	\$ 114,624
Franchise cable television	1,500,000	1,400,000	1,405,828	5,828
Water Sewer Franchise Fee	922,645	922,645	801,300	(121,345)
Nuclear power plant	1,690,000	1,650,000	1,650,392	392
In-lieu-of property tax	235,000	235,000	200,000	(35,000)
Sale of cemetery lots	20,000	20,000	-	(20,000)
Sale of fixed assets	780,297	365,297	325,047	(40,250)
Small animal control	20,000	20,000	11,410	(8,590)
Police-sale of weapons	-	-	1,538	1,538
Parking fee-City employees	16,500	16,500	3,563	(12,937)
Police	57,000	57,000	4,634	(52,366)
National Police Shooters Championship	99,500	99,500	97,134	(2,366)
Indirect cost	2,350,000	2,350,000	2,109,418	(240,582)
Street index books	1,250	1,250	493	(757)
Youth Court	500	500	-	(500)
Permit department	86,000	56,000	57,038	1,038
Rabies vaccination	1,500	1,500	1,236	(264)
Plumbing exam	100	100	30	(70)
Electrical exam	2,000	2,000	1,230	(770)
Penalty on demo/grass/weeds	200	200	-	(200)
Cemeteries-openings/closings	35,000	35,000	28,075	(6,925)
Sale of scrap metal	-	-	802	802
Site plan review planning	12,000	12,000	9,024	(2,976)
Construction plan review	5,000	5,000	2,758	(2,242)
Other departments	500	500	-	(500)
Cafeteria plan-flexible spending	120,000	120,000	103,717	(16,283)
Administrative fee-payroll deductions	-	-	1,151	1,151
Sale of maps, plans, and specifications	6,500	6,500	5,685	(815)
Legal/City Clerk/Finance and Management	26,500	26,500	17,508	(8,992)
Telecommunications	-	-	125	125
Donations - Nat'l Conf Black Mayors	-	-	6,939	6,939
Fire department	-	-	2,275	2,275
Sale of CAFR, Budgets & Directories	200	200	5	(195)
I.D. Badge fee-city employee	-	-	196	196
Abstract fees	-	-	2,665	2,665
Pay phones in City Jail	10,000	10,000	-	(10,000)
Proceeds from assets and forfeitures	60,000	60,000	3,650	(56,350)
P E G Revenue	151,000	247,000	244,710	(2,290)
Other	437,720	572,579	644,541	71,962
Total other revenues	12,884,912	12,580,771	12,146,741	(434,030)
Total revenues	105,984,235	105,215,233	103,884,882	(1,330,351)

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
Current Operations:				
General Government				
Administration and Intra-governmental				
Personnel services	\$ 10,070,652	\$ 8,149,192	\$ 7,745,942	\$ 403,250
Supplies	274,327	544,369	201,116	343,253
Other services and charges	2,195,128	5,622,269	4,180,120	1,442,149
Capital outlay	<u>1,677,225</u>	<u>2,727,843</u>	<u>1,929,306</u>	<u>798,537</u>
Total Department of Administration	<u>14,217,332</u>	<u>17,043,673</u>	<u>14,056,484</u>	<u>2,987,189</u>
Personnel				
Personnel services	1,084,728	1,079,535	1,071,355	8,180
Supplies	(13,651)	18,708	17,118	1,590
Other services and charges	1,075,087	1,001,425	992,183	9,242
Capital Outlay	<u>500</u>	<u>1,195</u>	<u>600</u>	<u>595</u>
Total Department of Personnel	<u>2,146,664</u>	<u>2,100,863</u>	<u>2,081,256</u>	<u>19,607</u>
Planning				
Personnel services	2,400,588	2,181,266	2,147,131	34,135
Supplies	68,109	104,146	67,679	36,467
Other services and charges	3,861,360	3,966,970	3,647,013	319,957
Capital Outlay	<u>980</u>	<u>10,009</u>	<u>8,823</u>	<u>1,186</u>
Total Department of Planning	<u>6,331,037</u>	<u>6,262,391</u>	<u>5,870,646</u>	<u>391,745</u>
Total General Government	<u>22,695,033</u>	<u>25,406,927</u>	<u>22,008,386</u>	<u>3,398,541</u>
Department of Human and Cultural Services				
Health and Welfare				
Personnel supplies	943,469	815,527	811,949	3,578
Supplies	16,105	14,622	12,702	1,920
Other services and charges	833,623	694,769	661,870	32,899
Capital outlay	<u>322,931</u>	<u>263,994</u>	<u>258,205</u>	<u>5,789</u>
Total Health and Welfare	<u>2,116,128</u>	<u>1,788,912</u>	<u>1,744,726</u>	<u>44,186</u>
Culture and Recreation				
Personnel services	625,187	669,684	654,773	14,911
Supplies	55,333	55,865	39,688	16,177
Other services and charges	1,068,013	1,216,541	1,000,611	215,930
Capital outlay	<u>(2,377)</u>	<u>89,744</u>	<u>85,327</u>	<u>4,417</u>
Total Culture and Recreation	<u>1,746,156</u>	<u>2,031,834</u>	<u>1,780,399</u>	<u>251,435</u>
Total Department of Human and Cultural Services	<u>3,862,284</u>	<u>3,820,746</u>	<u>3,525,125</u>	<u>295,621</u>
Department of Public Safety				
Personnel services	46,883,380	47,090,262	44,970,272	2,119,990
Supplies	1,866,324	2,394,046	2,199,749	194,297
Other services and charges	3,353,141	4,087,613	3,687,092	400,521
Capital outlay	<u>6,058,345</u>	<u>6,602,298</u>	<u>6,202,022</u>	<u>400,276</u>
Total Department of Public Safety	<u>58,161,190</u>	<u>60,174,219</u>	<u>57,059,135</u>	<u>3,115,084</u>

City of Jackson
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended September 30, 2004

	<u>Budget Amount</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- positive(negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (Continued):				
Department of Public Works				
Personnel services	\$ 8,167,376	\$ 8,469,950	\$ 8,305,241	\$ 164,709
Supplies	1,300,000	1,590,953	1,409,648	181,305
Other services and charges	1,737,828	2,019,327	1,838,884	180,443
Capital outlay	422,510	900,555	595,596	304,959
Total Department of Public Works	<u>11,627,714</u>	<u>12,980,785</u>	<u>12,149,369</u>	<u>831,416</u>
Miscellaneous				
Other services and charges	1,818,931	705,824	565,977	139,847
Total Miscellaneous	<u>1,818,931</u>	<u>705,824</u>	<u>565,977</u>	<u>139,847</u>
Employee Benefits				
Supplies	83,951	96,000	96,454	(454)
Other services and charges	5,969,018	5,319,400	2,563,869	2,755,531
Total Employee Benefits	<u>6,052,969</u>	<u>5,415,400</u>	<u>2,660,323</u>	<u>2,755,077</u>
Total expenditures	<u>104,218,121</u>	<u>108,503,901</u>	<u>97,968,315</u>	<u>10,535,586</u>
Excess(deficiency) of revenues over expenditures	1,766,114	(3,288,668)	5,916,567	(9,205,235)
Other Financing Sources(Uses)				
Transfers in	1,257,355	781,000	923,023	(142,023)
Tranfers out	(8,995,287)	(8,995,287)	(8,995,287)	-
Transfer out-Component Unit	(1,438,020)	(1,438,020)	(1,438,020)	-
Proceeds from long term debt	4,390,000	3,246,916	2,842,142	404,774
Total other financing sources(uses)	<u>(4,785,952)</u>	<u>(6,405,391)</u>	<u>(6,668,142)</u>	<u>262,751</u>
Net change in fund balance	(3,019,838)	(9,694,059)	(751,575)	(8,942,484)
Fund balances at beginning of year	18,523,961	18,523,961	18,523,961	-
Fund balances at end of year	<u>\$ 15,504,123</u>	<u>\$ 8,829,902</u>	<u>\$ 17,772,386</u>	<u>\$ (8,942,484)</u>

The notes to the financial statements are an ingral part of this statement.

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2004

	<u>Water/Sewage Disposal System</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
Assets				
Current Assets:				
Cash and Cash Equivalent	\$ 4,863,222	\$ 1,435,057	\$ 6,298,279	\$ 273,715
Accounts receivable, less allowances for Sanitation and Recycling Fund	8,165,396	1,683,653	9,849,049	222,625
Investments	78,495,054	699,860	79,194,914	-
Intergovernmental Receivable	-	669,057	669,057	-
Other Receivable	732,210	32,829	765,039	36,923
Inventories	1,374,812	-	1,374,812	-
Due from Other Funds	<u>1,347,840</u>	<u>-</u>	<u>1,347,840</u>	<u>-</u>
 Total current Assets	 <u>94,978,534</u>	 <u>4,520,456</u>	 <u>99,498,990</u>	 <u>533,263</u>
 Deferred charges - bond costs	 1,149,623	 -	 1,149,623	 -
 Property, Plant and Equipment, at Cost				
Land	1,387,999	450,000	1,837,999	-
Buildings	43,209	1,733,411	1,776,620	-
Water plant, distribution system and equipment	355,280,881	864,534	356,145,415	-
Automotive and other equipment	<u>11,727,401</u>	<u>11,308,513</u>	<u>23,035,914</u>	<u>-</u>
	368,439,490	14,356,458	382,795,948	-
Less: accumulated depreciation	<u>(140,196,605)</u>	<u>(9,328,172)</u>	<u>(149,524,777)</u>	<u>-</u>
	228,242,885	5,028,286	233,271,171	-
Construction in progress	<u>38,708,952</u>	<u>13,800</u>	<u>38,722,752</u>	<u>-</u>
 Net property, plant and equipment	 <u>266,951,837</u>	 <u>5,042,086</u>	 <u>271,993,923</u>	 <u>-</u>
 Total Assets	 <u>\$ 363,079,994</u>	 <u>\$ 9,562,542</u>	 <u>\$ 372,642,536</u>	 <u>\$ 533,263</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Net Assets
Proprietary Funds
As of September 30, 2004

	<u>Water/Sewage Disposal System</u>	<u>Nonmajor Enterprise Funds</u>	<u>Totals</u>	<u>Governmental Activities - Internal Service Fund</u>
Liabilities and Fund Equity				
Current Liabilities:				
Accounts/Claims Payable	\$ 2,634,246	\$ 1,037,487	\$ 3,671,733	\$ 527,553
Due to other funds	-	3,481,257	3,481,257	-
Current portion of long term debt:				
Lease Obligations	803,048	451,836	1,254,884	-
General Obligation Bonds	5,285,000	-	5,285,000	-
State Air and Water Loan	5,820	-	5,820	-
State Department of Environmental Quality	1,188,589	-	1,188,589	-
Other	140,050	(560)	139,490	723
Total current liabilities	<u>10,056,753</u>	<u>4,970,020</u>	<u>15,026,773</u>	<u>528,276</u>
Current Liabilities Payable from Restricted Assets:				
Customer Deposits	3,580,678	-	3,580,678	-
Accrued Interest Payable	363,567	-	363,567	-
Current portion of revenue bonds	1,810,000	-	1,810,000	-
Total current liabilities payable from restricted assets	<u>5,754,245</u>	<u>-</u>	<u>5,754,245</u>	<u>-</u>
Long Term Debt (less amounts classified as current liabilities):				
Revenue bonds (net of unamortized				
discount/premium	113,952,351	-	113,952,351	-
Lease obligation	245,646	683,571	929,217	-
State Department of Environmental Quality	19,360,315	-	19,360,315	-
Total long-term debt	<u>133,558,312</u>	<u>683,571</u>	<u>134,241,883</u>	<u>-</u>
Total liabilities	<u>149,369,310</u>	<u>5,653,591</u>	<u>155,022,901</u>	<u>528,276</u>
Net Assets				
Invested in Capital Assets, net of related debt	128,207,747	3,906,679	128,207,747	-
Restricted for debt service	3,580,678	-	3,580,678	-
Unrestricted	85,831,210	2,271	92,992,566	4,986
Total Net Assets	<u>213,710,685</u>	<u>3,908,950</u>	<u>217,619,635</u>	<u>4,986</u>
Total liabilities and net assets	<u>\$ 363,079,995</u>	<u>\$ 9,562,541</u>	<u>\$ 372,642,536</u>	<u>\$ 533,262</u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
As of September 30, 2004

	Water/Sewage Disposal System	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Operating Revenues:				
Sales to Customers	\$ 39,796,412	\$ 10,518,510	\$ 50,314,922	\$ -
Contributions	-	-	-	5,678,151
Contributions - City Match	-	-	-	2,940,742
Other Revenues	<u>215,404</u>	<u>1,731,000</u>	<u>1,946,404</u>	<u>36,923</u>
Total Operating revenues	<u>40,011,816</u>	<u>12,249,510</u>	<u>52,261,326</u>	<u>8,655,816</u>
Operating Expenses:				
Personnel Services	8,830,298	968,221	9,798,519	-
Supplies	2,711,067	537,988	3,249,055	-
Other services and charges	11,852,919	13,640,704	25,493,623	9,723,559
Depreciation	<u>7,850,344</u>	<u>1,238,666</u>	<u>9,089,010</u>	<u>-</u>
Total Operating Expenses	<u>31,244,628</u>	<u>16,385,579</u>	<u>47,630,207</u>	<u>9,723,559</u>
Operating Income (Loss)	<u>8,767,188</u>	<u>(4,136,069)</u>	<u>4,631,119</u>	<u>(1,067,743)</u>
Nonoperating Revenues (Expenses):				
Interest revenue	1,331,587	21,550	1,353,137	2,768
Interest and service charges on long term debt and capitalized lease obligations	(6,849,876)	-	(6,849,876)	-
Gain (loss) on sale of fixed assets	41,569	125	41,694	-
Bond issuance cost	<u>(140,568)</u>	<u>-</u>	<u>(140,568)</u>	<u>-</u>
Total nonoperating revenues (expenses)	<u>(5,617,288)</u>	<u>21,675</u>	<u>(5,595,613)</u>	<u>2,768</u>
Income (loss) before contributions and transfers	<u>3,149,900</u>	<u>(4,114,394)</u>	<u>(964,494)</u>	<u>(1,064,975)</u>
Transfers In:				
General Fund	<u>-</u>	<u>3,513,000</u>	<u>3,513,000</u>	<u>1,036,329</u>
Total operating transfers in (out)	<u>-</u>	<u>3,513,000</u>	<u>3,513,000</u>	<u>1,036,329</u>
Change in Net Assets	<u>3,149,900</u>	<u>(601,394)</u>	<u>2,548,506</u>	<u>(28,646)</u>
Total net assets - beginning	<u>210,560,785</u>	<u>4,510,345</u>	<u>215,071,130</u>	<u>33,632</u>
Total net assets ending	<u><u>\$ 213,710,685</u></u>	<u><u>\$ 3,908,951</u></u>	<u><u>\$ 217,619,636</u></u>	<u><u>\$ 4,986</u></u>

The notes to the financial statements are an integral part of this statement.

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2004

	Water/Sewer Disposal System	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 37,685,109	\$ 9,921,139	\$ 47,606,248	\$ 8,585,714
Receipts from Interfund Services Provided	-	198,174	198,174	-
Receipts from other revenue	(312,632)	1,577,551	1,264,919	32,722
Payments to Suppliers	(15,919,192)	(14,136,446)	(30,055,638)	(9,609,848)
Payments to employees	(8,830,298)	(968,221)	(9,798,519)	-
Payments for Interfund Services Used	(198,174)	-	(198,174)	-
Net Cash Provided by (used for)				
Operating activities	12,424,813	(3,407,803)	9,017,010	(991,412)
Cash Flows from Noncapital Financing Activities				
Transfers In	-	3,513,000	3,513,000	1,036,329
Net Cash Provided by (Used for) Noncapital financing activities)	-	3,513,000	3,513,000	1,036,329
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(5,261,866)	(913,960)	(6,175,826)	-
Proceeds from sales of capital assets	42,997	125	43,122	-
Proceeds from capital leases	-	347,239	347,239	-
Principal paid on capital debt	(8,284,613)	(333,311)	(8,617,924)	-
Interest paid on capital debt	(7,481,508)	-	(7,481,508)	-
Bond Issuance Cost	(140,568)	-	(140,568)	-
Net cash used for capital and related financing activities	(21,125,558)	(899,907)	(22,025,465)	-
Cash flow provided by (used for) investing activities:				
Purchase of investment securities	(137,210,203)	(699,811)	(137,910,014)	-
Proceeds from sale and maturities of investment securities	124,032,001	399,860	124,431,861	-
Interest on investments	1,331,587	21,500	1,353,087	2,768
Net cash provided by investing activities	(11,846,615)	(278,451)	(12,125,066)	2,768
Net increase (decrease) in cash and cash equivalents	(20,547,360)	(1,073,161)	(21,620,521)	47,685
Cash and cash equivalents at beginning of year	25,410,582	2,508,216	27,918,798	226,029
Cash and cash equivalents at end of year	<u>\$ 4,863,222</u>	<u>\$ 1,435,057</u>	<u>6,298,278</u>	<u>\$ 273,714</u>

City of Jackson
Statement of Cash Flows
Proprietary Funds
As of September 30, 2004

	Water/Sewer Disposal System	Nonmajor Enterprise Funds	Total	Governmental Activities - Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ 8,767,188	\$ (4,136,069)	\$ 4,631,119	\$ (1,067,743)
Depreciation expense	7,850,344	1,238,666	9,089,010	-
(Increase) decrease in accounts receivable, net	(2,187,204)	(597,370)	(2,784,574)	(33,179)
Increase (decrease) in inventories	(65,870)	-	(65,870)	-
(Increase) decrease in other receivable	(571,030)	(156,132)	(727,162)	(4,219)
(Increase) decrease in due from other funds	-	198,174	198,174	-
Increase (decrease) in accounts payable	(1,289,335)	42,246	(1,247,089)	113,711
Increase (decrease) in customer deposits	75,901	-	75,901	-
Increase (decrease) in due to other funds	(198,174)	-	(198,174)	-
Increase (decrease) in other liabilities	42,993	2,683	45,676	18
Total adjustments	3,657,625	728,267	4,385,892	76,331
Net cash provided by operating activities	<u>\$ 12,424,814</u>	<u>\$ (3,407,803)</u>	<u>\$ 9,017,011</u>	<u>\$ (991,412)</u>
Noncash investing, capital and financing activities				
Borrowing under capital lease	-	347,238	347,238	-

The notes to the financial statements are an integral part of this statement.

**NOTES TO THE
FINANCIAL STATEMENTS**

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 - Summary of Significant Accounting Policies:

A. REPORTING ENTITY

The City of Jackson, Mississippi, (the City) is incorporated under the Laws of the State of Mississippi. The City operates under the Mayor-Council form of government with a full-time Mayor elected from the City at large and seven part-time Council members (City Council) elected from wards. The City's major operations include police and fire protection, parks and recreation, public works, public transit system, urban development and general administrative services. In addition, the City owns and operates a water and sewer system.

The City's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

In evaluating the City as a reporting entity, management has addressed potential component units for which the City may or may not be financially accountable and as such, be includible within the City's financial statements. The component unit discussed below is included because of the significance of its operational or financial relationships with the City.

Discretely Presented Component Unit

Using the criteria above, management has determined that the Jackson Redevelopment Authority (JRA) should be reported as a discretely presented component unit of the City. The discretely presented component unit is reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. The following is a summary of the City's discretely presented component unit.

The Jackson Redevelopment Authority (JRA) was established in 1968 under Section 43-35-1 through 235 of the Mississippi Code of 1942, as annotated. In 1970, JRA became the Parking Authority for the City under the same statute. The Mayor of the City makes appointments to a seven-member Board of Commissioners for staggered five-year terms to oversee the operations of JRA. Members may be removed from office for inefficiency, neglect of duty or misconduct in office. The City Council appropriates the administrative operating budget and must review and approve any amendments or budgetary adjustments. The City Council is responsible for designation of those urban renewal projects undertaken by JRA. The City makes annual contributions necessary to pay a portion of JRA's urban renewal bonds and has agreed to make payment of substantially all of the outstanding bonds. JRA operates on a September 30 fiscal year and its financial statement data is presented as a proprietary fund type. Complete financial statements for JRA may be obtained at its administrative office located at 218 South President Street, Jackson, Mississippi 39201.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

Related Organizations

The following five agencies are non-profit corporations established within the City of Jackson. The Mayor appoints the board members of each respective agency. Each agency is fiscally independent from the City of Jackson, issues its debt, approves its budgets, and sets its rates and charges. The primary government has no authority to remove board members, designate management, or approve or modify rates. The City of Jackson is not obligated in any manner for the debt issues of these agencies. Financial statements for these agencies can be obtained at the following addresses:

Airport Authority
100 International Drive
Jackson, MS 39208

Jackson Redevelopment Authority
218 South President Street
Jackson, MS 39201

Jackson Housing Authority
2747 Livingston Road
Jackson, MS 39213

Jackson Public School District
662 South President Street
Jackson, MS 39201

Metro Jackson Convention & Visitors Bureau
921 North President Street
Jackson, MS 39202

Joint Ventures

The Jackson/Hinds Library System (the System) operates under a joint agreement between the City and Hinds County and is funded equally by the City and the County. The joint agreement was effective October 1, 1986. All buildings used by the System within the City of Jackson are owned and maintained by the City and, as such, have been included in general fixed assets. The Jackson/Hinds Library System's financial statements may be obtained by writing to 300 North State Street, Jackson, MS 39201.

B. BASIC FINANCIAL STATEMENTS-GOVERNMENT-WIDE AND FUND LEVEL STATEMENTS

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. The City's police and fire protection, parks and recreation, public works, and general administrative services are classified as governmental activities. The City's water, sewer, and public transit services are classified as business-type activities.

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on the consolidated basis by column, (b) and are reported on the full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions and business-type activities (police, fire, public works, etc.). The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to applicants who use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

restricted to meeting the operational or capital requirements of a particular function or segment. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (police, fire, public works, etc.) or a business-type activity. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The net costs (by function or business-type activities) are normally covered by general revenue (property, sales or gas tax, intergovernmental revenues, interest income, etc.).

The City does not allocate indirect cost. An administrative service fee is charged by the General Fund to the other operating funds that is eliminated like a reimbursement (reducing the revenue and expense in the General Fund) to recover the direct costs of General Fund services provided (finance, personnel, purchasing, legal, technology management, etc.).

The government-wide focus is more on the sustainability of the City as an entity and the changes in the City's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and proprietary funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

The City reports the following major government funds:

General Fund - The General Fund is the City's primary operating fund. It accounts for all financial transactions of the City, except those required to be accounted for in another fund.

Debt Service Fund - This fund is used to account for the accumulation of resources and the subsequent disbursement of such resources to pay principal and interest on long-term debt of the City (other debt of the Enterprise Funds). Bond ordinances require the City to account for debt service transactions in separate funds, restrict the flow of cash between such funds, and comply with various other covenants. For financial statement reporting, the various debt service funds have been combined.

Improvement Fund - This fund is used to account for revenues that are legally restricted for improvements to City facilities.

1998 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$35,000,000 issued to finance certain projects including storm drainage systems, construction of a youth detention center, and repairing buildings.

2003 GO Bond Fund - This fund is used to account for proceeds of general obligation bonds of \$20,000,000 issued to finance certain projects including storm drainage systems, repairing and the construction of municipal buildings, infrastructures, and other related improvements.

The City reports the following major proprietary fund:

Water/Sewage Disposal Fund - This fund accounts for activities associated with the provision of water, sewerage and water pollution control services to individuals, organizations and other governmental units within and around the City.

Additionally, the City reports the following fund types:

Governmental Funds:

General Fund is the general operating fund of the City. The General Fund accounts for all financial resources except those required to be accounted for in other funds. The General Fund is always a major fund.

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Enterprise Funds).

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

Proprietary Funds:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriated for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The nonmajor funds are combined in a column in the fund financial statements.

The City's internal service fund is presented in the proprietary funds financial statements. Because the principal users of the internal services are the City's governmental activities, the financial statements of the internal service fund are consolidated into the governmental activities column when presented in the government-wide financial statements. To the extent possible, the cost of these services is reported in the appropriate functional activity (police, fire, public works, etc.).

D. ASSETS, LIABILITIES AND NET ASSETS AND EQUITY

1. Cash and Cash Equivalents

Cash and cash equivalents include demand deposit accounts, petty cash, and certificates of deposit with a maturity date generally within 90 days of the date acquired by the City. Collateral as further discussed in Note 3, is pledged by the various financial institutions to secure City funds.

2. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

3. Investments

Investments are recorded at fair value in accordance with GASB Statement 31 with all investment income, including changes in the fair value of investments, reported as revenue in the financial statements. Income from short-term interest bearing securities is recognized as earned. Statutes authorize the City to invest in U.S. Government obligations, U.S. Government agency obligations, State of Mississippi obligations, and obligations of a corporation of the U.S. Government.

Securities traded in a national or international exchange are valued at the last reported sales price at current exchange rates. Short-term investments are reported at fair value when published prices are available, or at cost plus accrued interest, which approximates fair value. For individual investments where no readily ascertainable fair value exists, the Public Employees' Retirement System, in consultation with its investment advisors and custodial bank, has determined the fair values.

4. Inventories

Inventories are priced at cost using the weighted average method. Inventories are accounted for using the consumption method and are not charged out until used. Inventories consist of major stores of materials and supplies held at central locations. The user departments and other funds of the City are charged for the cost value of the items, as they are withdrawn from inventory.

5. Capital Assets

Capital assets purchased or acquired are carried at historical cost. Contributed assets are recorded at fair market value at the date received. The City's classes of capital assets and their capitalization levels are: land – cost or fair market value, buildings - \$50,000, land improvements - \$25,000, machinery and equipment - \$500, infrastructure - \$100,000, and construction in progress – based on the project's class. Infrastructure, such as streets and bridges, is capitalized for the first time in fiscal year 2002. The cost of normal maintenance and repair that do not add to the value of capital assets or materially extend their respective lives are not capitalized. Interest expenditures are not capitalized on capital assets.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building	40
Land improvements	20
Heavy machinery and equipment	5-15
Computer equipment	3
Vehicles	3-10
Infrastructure	8-50

Interest is capitalized on proprietary fund assets constructed with the proceeds of tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

The City has a collection of artwork presented for public exhibition and education that is being preserved for future generations. The proceeds from the sales of any pieces of the collection are used to purchase other acquisitions. The collection is not capitalized or depreciated as part of capital assets.

GASBS No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2006. The City has implemented the general provisions of GASBS No. 34 and has fully implemented the retroactive infrastructure provisions for the fiscal year ended September 30, 2004.

6. Compensated Absences

The City accrues accumulated unpaid personal leave and associated employee-related cost when earned (or estimate to be earned) by employees up to 240 hours. For the Proprietary Funds and the government-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Funds Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and government-wide presentation. The compensated absences liability is liquidated into the following categories: general government, human and cultural services, public safety, and public works.

7. Bond Discounts, Bond Premiums and Issuance Costs

In the government funds, bond discounts, bond premiums and issuance costs are treated as period costs in the year of issue. Bond premiums and discounts are shown as an "Other Financing Sources/Uses".

In the proprietary funds and government-wide financial statements, bond discounts, bond premiums and issuance costs are deferred and amortized over the terms of the bonds outstanding method, which approximate the effective interest method. Bond discounts and premiums are presented as a reduction and increase, respectively, of the face amount of the revenue bond payable, where issuance costs are recorded as other assets.

8. Interfund Activity

Interfund activity is reported as either a loan, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near fair market rates are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

9. Revenues

Substantially all governmental fund revenues are accrued. Property taxes are billed and collected within the same period in which the taxes are levied. Subsidies and grants to proprietary funds, which finance either capital or current operations are reported as non-operating revenues based on GASBS No. 33. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expense result from providing services and producing and delivering good in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. In, applying GASBS No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenues when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provided and deferred revenue by the recipient.

10. Expenditures

Expenditures are recognized when the related fund liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the period purchased.

11. Reserves and Designations

Portions of fund equity are segregated for future use and therefore, are not available for future appropriations or expenditure. An amount reserved for debt service, bond contingency, replacement and improvement, and depreciation represents portions of fund equity that are required to be segregated in accordance with bond resolutions. Amounts designated for unemployment, medical and retirement benefits represent amounts required by state law to be segregated for these purposes. The unreserved designated fund balance of the Capital Projects Funds is appropriated for expenditures in future years. The amount designated for contingencies represents an earmarking of financial resources for the future use by the City to fund estimated loss contingencies.

12. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

13. Pension Expenses

The City funds pension expenses as required by applicable statute. Two plans, funded from both City and employee contributions are described in Note 4 Section E.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 1 – Summary of Significant Accounting Policies (Continued):

14. Post-Employment Health Care and Life Insurance Benefits

The City does not incur costs associated with post-employment benefits for retired employees. The City allows all vested employees to continue in the group plan after retirement; however the retired employees pay 100% of the premiums.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosures. Actual results could differ from those estimates.

16. New Accounting Pronouncements

The City has adopted the following new accounting pronouncements:

GASB Statement 39 - This Statement amends Statement 14 to provide additional guidance to determine whether certain organizations for which the primary government is not financially accountable should be reported as component units based on the nature and significance of their relationship with the primary government.

Note 2 – Stewardship, Compliance and Accountability

A. BUDGETARY INFORMATION

The City follows these procedures in establishing budgetary data reflected in the financial statements.

1. The Finance Division of the Department of Administration prepares estimates of available revenue.
2. Department directors submit proposed expenditure budgets to the Finance Division of the Department of Administration by June 1 each year.
3. The Finance Division of the Department of Administration reviews the expenditure budgets, and the necessary revisions are communicated to department directors.
4. Budgeted revenues and expenditures are balanced, and a summary budget is prepared by July 1, and presented to the Mayor.
5. The Mayor submits the proposed budget to the City Council by August 1. The final budget is approved by September 15 and must be published in a local newspaper on or before September 30.
6. The budget is formally amended in September each year or any time that budget revisions through funds reallocation are necessary or a budget deficit is indicated.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 2 – Stewardship, Compliance and Accountability (Continued):

7. The City prepares annual budgets for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds, Enterprise Funds, Internal Service Fund and Expendable Trust Funds (with the exception of the Charitable Trust Fire and Police Fund). Budgets for the Enterprise Funds are prepared on a GAAP basis but exclude depreciation and bad debt expense and include debt retirement payments. The General Fund, Debt Service Fund, Special Revenue Funds, Capital Projects Funds, Internal Service Fund and Expendable Trust Funds are prepared in accordance with GAAP. Budget and actual comparisons are presented in the accompanying financial statements for all governmental type funds for which a budget is adopted.

During the fiscal year, several adjustments are normally required to the adopted budget. The approved budget may be amended as required in accordance with the following protocol:

- a. Revenues are reviewed at least quarterly, and the projections are adjusted if warranted. These adjustments to expected revenues, if material, can precipitate adjustments to the expenditure budget.
- b. Adjustments to transfer approved expenditure budgets from one department to another or to transfer from one category to another within a department must be approved by the City Council.
- c. All new appropriations must be approved by the City Council and are normally submitted by the Mayor's Office.

The legal level of control for all budgets adopted is at the category level by funds with the exception of the General Fund, which is appropriated at the category level by department. Administrative control for all budgets is maintained through the establishment of more detailed line-item budgets.

The Finance Division of the Department of Administration exercises budgetary monitoring throughout the fiscal year. An adopted budget may not exceed its appropriated level without City Council approval. The Finance Division of the Department of Administration advises the Mayor whenever a requested expenditure will exceed budgeted amounts. The City Council may approve expenditures in excess of budgeted amounts in various funds or departments as appropriate, as long as total annual expenditures do not exceed available resources. Adjustments in expenditure rates, if necessary, are implemented by the City Council as required, so that the total expenditures and resources will remain in balance throughout the year.

8. Budgeted expenditure or expense amounts and other uses as originally adopted were amended by the City Council in September 2004 as provided by law, as follows (in thousands of dollars):

	Originally Adopted Budget	Budget as Amended	Increase (Decrease)
General Fund	\$ 104,218	\$ 108,504	\$ 4,286
Special Revenue Funds	60,836	66,111	5,275
Debt Service Fund	11,294	11,294	-
Capital Projects Funds	45,694	43,856	(1,838)
Enterprise Funds	147,377	141,309	(6,068)
Internal Service Fund	10,316	10,316	-
Expendable Trust Funds	124	124	-
	<u>\$ 379,859</u>	<u>\$ 381,514</u>	<u>\$ 1,655</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 2 – Stewardship, Compliance and Accountability (Continued):

9. Encumbrance accounting, under which executed but unperformed purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and are reappropriated in the next year's budget.
10. Unexpended appropriations lapse at year end in all funds.

B. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The excess of expenditures over appropriations by individual fund as of September 30, 2004 follows (in thousands of dollars):

	<u>Expenditures Over</u> <u>Appropriations</u>
Debt Service Fund	\$ 158
Improvement Fund	3,848
1998 GO Bond Fund	1,417
2003 GO Bond Fund	2,104
Parks and Recreation Fund	3,138
Federal Grant Fund	43
Disability and Relief Fund	767
Industrial Park Bond Fund	97
1994 GO Bond Fund	215
1988 Construction Bond Fund	<u>1,978</u>
Total	<u>\$11,787</u>

The City is taking appropriate action to eliminate the excess of expenditures over appropriations in these funds.

C. DEFICIT FUND EQUITY

The deficit fund equity by individual fund as of September 30, 2004 follows (in thousands of dollars):

	<u>Deficit</u> <u>Fund Balance/Retained Earnings</u>
1996 Metro Station Capital Project Fund	<u>\$ 62</u>
Total	<u>\$62</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds

A. Deposits and Investments

1. Policies and Practices

The collateral for public entities' deposits in financial institutions is now held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC).

2. Deposits – Primary government

At year end, the carrying amount of the City's deposits was \$27,416,073 and the bank balances totaled \$102,465,702. Of the bank balances, \$100,000 was insured by federal deposit insurance and \$102,365,702 was covered by pooled and/or pledged collateral, as allowed by the Mississippi Code, but not necessary held in the City's name (uncollateralized, risk Category 3).

3. Investments – Primary Government

Investments made by the City are summarized below to give an indication of the level of risk assumed by the City at year end. The investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name.

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name.

Category 3 - Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the City's name.

	<u>(In Thousands of Dollars)</u>			<u>Carrying</u>	<u>Fair</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>	<u>Value</u>
U.S. Government securities	\$ -	\$ -	\$ -	\$ -	\$ -
U.S. Government agency securities	-	116,571	-	116,571	119,967
	<u>\$ -</u>	<u>\$ 116,571</u>	<u>\$ -</u>	<u>\$ 116,571</u>	<u>\$ 119,967</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

A. Deposits and Investments (Continued):

Following is a list of the City's eligible investments, which in accordance with State statute are limited to the investment of funds in excess of sums required for immediate expenditure or current obligations:

- Certificates of deposit with municipal depositories approved annually by the State Treasurer
- Bonds or direct obligations of the:
 - United States of America
 - State of Mississippi
 - County or Municipality of Mississippi
 - School Districts

State statute allows the investment of funds received from the sale of bonds, notes, or certificates of indebtedness which are not immediately required for disbursement for the purpose issued, in direct obligations issued by or guaranteed in full by the United States of America, or in certificates of deposit with approved municipal depositories.

4. Cash and Investments - Component Unit

The component unit's policy is to invest available funds in the following types of investments: 1) direct obligations of the U. S. of America, including such instruments as treasury bills, treasury notes and treasury bonds; 2) obligations of U. S. Government agencies that are deliverable on the Federal Reserve System; 3) Repurchase agreements in U. S. Government securities made with dealers that report to and are regulated by the Federal Reserve Bank; 4) deposits with financial institutions which are insured or are fully collateralized by qualifying securities.

The collateral for public entities' deposits in financial institutions is held in the name of the State Treasurer under a program established by the Mississippi State Legislature and is governed by Section 27-105-5, Mississippi Code Ann. (1972). Under this program, the entity's funds are protected through a collateral pool administered by the State Treasurer. Financial institutions holding deposits of public funds must pledge securities as collateral against those deposits. In the event of failure of financial institution, securities pledged by that institution would be liquidated by the State Treasurer to replace the public deposits not covered by the Federal Depository Insurance Corporation (FDIC). As of September 30, 2004 all of the component unit's cash deposits in excess of the amounts covered by the FDIC were covered under the collateral pool administered by the State Treasurer.

Cash equivalents are reflected at cost, which approximates fair value. The component unit's cash equivalents are categorized to give an indication of the level of custodial credit risk assumed by the component unit at year end. Category 1 includes securities that are insured or registered or held by the component unit or its agent, in the component unit's name. Category 2 includes uninsured and unregistered securities held by the counterparty's trust department or agent in the component unit's name. Category 3 includes uninsured and unregistered securities held by the financial institution trust department or agent but not in the component unit's name.

At September 30, 2004, cash equivalents of the component unit consisted of the following:

	Category		
	1	2	3
U.S. Treasury Bills:			
Restricted:	\$ -	\$ 449,927	\$ -
Restricted under bond agreements	-	2,094,580	-
	<u>\$ -</u>	<u>\$ 2,544,507</u>	<u>\$ -</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

B. Receivables

Receivables at September 30, 2004, for the primary government's individual major funds and nonmajor, internal service, and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows (amounts are expressed in thousand dollars):

	<u>General</u>	<u>Debt Service</u>	<u>Water and Sewer</u>	<u>Improvement Fund</u>	<u>1998 G O Bond CIP</u>	<u>2003 G O Bond</u>	<u>Nonmajor and Other Funds</u>	<u>Total</u>
Receivables:								
Accounts receivable	\$ -	\$ 12	\$ 14,132	\$ 129	\$ -	\$ -	\$ 3,337	\$ 17,610
Property	1,104	-	-	-	-	-	-	1,104
Special assessments	-	208	-	-	-	-	-	208
Intergovernmental	3,173	-	-	2,453	-	-	3,251	8,877
Other	<u>3,058</u>	<u>-</u>	<u>732</u>	<u>175</u>	<u>156</u>	<u>203</u>	<u>197</u>	<u>4,521</u>
Gross receivables	<u>7,335</u>	<u>220</u>	<u>14,132</u>	<u>2,757</u>	<u>156</u>	<u>203</u>	<u>6,785</u>	<u>32,320</u>
Less: Allowance for uncollectible	<u>-</u>	<u>-</u>	<u>(5,967)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,531)</u>	<u>(7,498)</u>
Net total receivables	<u>\$ 7,335</u>	<u>\$ 220</u>	<u>\$ 8,897</u>	<u>\$ 2,757</u>	<u>\$ 156</u>	<u>\$ 203</u>	<u>\$ 5,254</u>	<u>\$ 24,822</u>

Revenues of Water and Sewer are reported net of uncollectible amounts. There were no amounts determined to be uncollectible for the current year.

1. Property taxes

Property taxes on real and personal property, exclusive of automobiles, attach as an enforceable lien on the levy date or January 1 for the preceding calendar year. Hinds, Rankin and Madison Counties bill and collect the real, personal and auto ad valorem taxes for the City of Jackson, Jackson Municipal Separate School District and the Jackson/Hinds Library System. Automobile taxes are remitted monthly and real and personal taxes are remitted on a weekly basis to the City of Jackson. Hinds County remits directly to the Jackson Municipal Separate School District taxes collected for all school funds except the Bond and Interest Fund in accordance with State law. Hinds County also remits to the City a pro rata share of road and bridge taxes collected by the County.

The taxes are due on or before February 1; however, installment payments can be made one-half of balance due on February 1 and one-fourth each on May 1 and August 1.

Tax millage levies for 2003 were collected in the current fiscal year and statutory maximum millage rates were as follows:

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

B. Receivables (Continued):

<u>Fund</u>	<u>Levy (in mills)</u>	<u>Purpose</u>	<u>Maximum</u>
General Fund	38.17	General	None
Parks and Recreation Fund	2.00	Recreation	2.00 mills
Debt Service Fund	9.52	Debt retirement	None
Disability and Relief Fund	<u>5.06</u>	Retirement	None
Total City of Jackson	<u>54.75</u>		
Jackson/Hinds Library System	<u>1.28</u>	Public library	None
Jackson Municipal Separate School District:			
District Supplement Levy	68.91	Public schools	None
Special Debt Retirement Levy	2.11	Public schools	None
Special Debt Retirement Bond	2.68	Public schools	None
Special Debt Retirement	<u>2.00</u>	Public schools	None
	<u>75.70</u>		
Totals mills	<u>131.73</u>		

Landscape Improvement fund rate consists of nine cents of the gross square footage of land and building of property owners located in the downtown development district.

The City is permitted to levy taxes based on a percentage of up to 100% of fair value of property at the millage indicated above. At the present time, the City levies taxes based on 10% of fair value for homeowner-occupied real property, 15% of fair value for all other real and personal property, and 30% of fair value for all motor vehicles and property owned by public service corporations. The City may levy taxes as necessary to meet bonded debt retirement. Limitations are imposed on the amount of bonded debt that may be issued based upon assessed valuation of properties.

Annual tax increases for all purposes except payment of general obligation bonds and interest are limited by State law to 10% of the preceding year's receipts plus new construction.

The State levies a 7% sales tax on retail sales and remits 18.5% of collections to the City monthly. Intergovernmental revenue of the General Fund includes \$35,881,690 of sales tax revenue.

Governmental funds reported *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

reported in the governmental funds were as follows:

Note 3 – Detailed notes on all funds (Continued):

B. Receivables (Continued):

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable (general fund)	\$ 194,310	\$ -
Delinquent property taxes receivable (debt service fund)	61,010	-
Special assessments not yet due (debt service fund)	207,510	-
Grant drawdowns prior to meeting all eligibility requirements	-	2,441,512
Total deferred/unearned revenue for governmental funds	<u>\$ 462,830</u>	<u>\$ 2,441,512</u>

C. Changes in Capital Assets

1. Primary government capital asset activity for the year ended September 30, 2004, was as follows (amounts are expressed in thousands):

	<u>Balance September 30, 2003</u>	<u>Additions</u>	<u>Deletions</u>	<u>Adjustments</u>	<u>Balance September 30, 2004</u>
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 14,940	\$ -	\$ -	\$ -	\$ 14,940
Infrastructure	66,125	-	66,125	-	-
Construction in progress	51,581	14,889	1,587	-	64,883
Total capital assets not being depreciated	<u>132,646</u>	<u>14,889</u>	<u>67,712</u>	<u>-</u>	<u>79,823</u>
Capital assets being depreciated:					
Buildings	31,179	1,133	-	-	32,312
Infrastructure	10,142	66,579	-	119,711(a)	196,432
Automotive and equipment	58,785	2,743	780	(5,548)(b)	55,200
Total capital assets being depreciated	<u>100,106</u>	<u>70,455</u>	<u>780</u>	<u>114,163</u>	<u>283,944</u>
Less accumulated depreciation for:					
Buildings	13,481	541	-	-	14,022
Infrastructure	565	4,857	-	60,275(a)	65,697
Automotive and equipment	39,716	4,209	765	2,052(b)	45,212
Total capital assets being depreciated, net	<u>53,762</u>	<u>9,607</u>	<u>765</u>	<u>62,327</u>	<u>124,931</u>
Total governmental activities capital assets, net	<u>\$ 178,990</u>	<u>\$ 75,737</u>	<u>\$ 67,727</u>	<u>\$ 51,836</u>	<u>\$ 238,836</u>

(a) to record infrastructure assets in accordance with GASBS 34.

(b) overstatement of prior year automotive and equipment and understatement of prior year accumulated depreciation for automotive and equipment.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

C. Changes in Capital Assets (Continued):

	Balance September 30, 2003	Additions	Deletions	Balance September 30, 2004
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,388	\$ 450	\$ -	\$ 1,838
Construction in progress	<u>38,628</u>	<u>4,187</u>	<u>4,092</u>	<u>38,723</u>
Total capital assets not being depreciated	<u>40,016</u>	<u>4,637</u>	<u>4,092</u>	<u>40,561</u>
Capital assets being depreciated:				
Buildings	2,239	54	-	2,293
Infrastructure	153,425	144,940	-	298,365
Automotive and equipment	<u>79,017</u>	<u>1,591</u>	<u>308</u>	<u>80,300</u>
Total capital assets being depreciated	<u>234,681</u>	<u>146,585</u>	<u>308</u>	<u>380,958</u>
Less accumulated depreciation for:				
Building	516	13	13	516
Infrastructure	92,811	7,770	8,426	92,155
Automotive and equipment	<u>57,772</u>	<u>1,215</u>	<u>2,133</u>	<u>56,854</u>
Total capital assets being depreciated, net	<u>151,099</u>	<u>8,998</u>	<u>10,572</u>	<u>149,525</u>
Total business-type activities capital assets, net	<u>\$ 123,598</u>	<u>\$ 142,224</u>	<u>\$ (6,172)</u>	<u>\$ 271,994</u>

2. Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:

General government	\$ 1,020
Public Safety	3,063
Public Works	5,104
Culture and recreation	<u>420</u>
Total depreciation expense – governmental activities	<u>\$ 9,607</u>

Business-Type Activities:

Water/Sewer	\$ 7,771
Non-major business – type activities	<u>1,227</u>
Total depreciation expense – business-type activities	<u>\$ 8,998</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

C. Changes in Capital Assets (Continued):

3. Construction work in progress for the governmental activities of the primary government is composed of the following:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Improvement Fund	\$37,788,370	\$ 695,976
Community Development Block Grant	1,388,260	255,717
1982 Industrial Park Bond	249,028	-
1988 G O Public Improvement Construction Bond	2,008,973	201,687
1994 G O Public Improvement Construction Bond	352,756	621,879
1998 G O Public Improvement Construction Bond	15,731,160	11,104,497
2003 G O Public Improvement Construction Bond	3,939,557	3,178,887
Economic Development Initiative –		
Economic Development,	68,109	-
Farish Street,	957,414	12,449
Resurfacing – Repair and Replacement ,	1,193,357	-
Traffic – Repair and Replacement,	461,797	376,643
Drainage – Repair and Replacement,	630,762	-
Parks – Repair and Replacement	<u>114,222</u>	<u>51,667</u>
Total	<u>\$64,883,765</u>	<u>\$16,499,402</u>

4. Construction work in progress at September 30, 2004, for primary government enterprise funds is composed of the following:

<u>Project</u>	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water/Sewer Construction Fund	<u>\$38,723,752</u>	<u>\$ 4,187,022</u>
Total	<u>\$38,723,752</u>	<u>\$ 4,187,022</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

C. Changes in Capital Assets (Continued)

5. A summary of changes in capital assets for component units is as follows:

	Balance September 30, <u>2003</u>	<u>Additions</u>	<u>Deletions</u>	Balance September 30, <u>2004</u>
Capital assets not being depreciated:				
Land	\$ 6,965	\$ -	\$ -	\$ 6,965
Construction in Progress	19,626	-	19,626	-
Property held for development	<u>7,000</u>	<u>274</u>	<u>-</u>	<u>7,274</u>
Total capital assets not being depreciated	<u>33,591</u>	<u>274</u>	<u>19,626</u>	<u>14,239</u>
Other capital assets:				
Land improvements	29	-	-	29
Buildings	23,507	21,172	-	44,679
Equipment and furniture	<u>1,279</u>	<u>-</u>	<u>-</u>	<u>1,279</u>
Total other capital assets	<u>24,815</u>	<u>21,172</u>	<u>-</u>	<u>45,987</u>
Less accumulated depreciation for:				
Land improvements	29	-	-	29
Buildings	10,230	1,011	-	11,241
Equipment and furniture	<u>1,253</u>	<u>11</u>	<u>-</u>	<u>1,264</u>
Total capital assets being depreciated	<u>11,512</u>	<u>1,022</u>	<u>-</u>	<u>12,534</u>
Total other capital assets, net	<u>13,303</u>	<u>20,150</u>	<u>-</u>	<u>33,453</u>
Total capital assets, net	<u>\$ 46,894</u>	<u>\$ 20,424</u>	<u>\$ 19,626</u>	<u>\$ 47,692</u>
Depreciation expense was charged to activities as follows:				
Urban renewal projects	\$ 586,004			
Parking facilities	<u>435,853</u>			
Total	<u>\$1,021,857</u>			

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

D. Interfund receivables, payables, and transfers:

Individual fund interfund receivable and payable balances as of September 30, 2004 follows
(in thousands of dollars):

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 2,394	\$ -
Debt Service Fund	-	300
Improvement Fund	322	-
2003 GO Bond Fund	-	-
Water/Sewage Disposal System Fund	1,348	-
Nonmajor Governmental Funds	164	447
Nonmajor Proprietary Fund	-	3,481
Total	<u>\$ 4,228</u>	<u>\$ 4,228</u>

Transfer in/transfer out between primary government and component unit:

Primary government:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 923	\$ 8,995
Debt Service Fund	1,373	372
Improvement Fund	910	-
1998 GO Bond Fund	-	-
2003 GO Bond Fund	-	31
Nonmajor Governmental Funds	3,968	2,617
Nonmajor Fiduciary Funds	1,036	-
Nonmajor Proprietary Funds	3,513	-
Trust and Agency	292	-
Total	<u>\$ 12,015</u>	<u>\$ 12,015</u>

The component unit financial statement for year ended September 30, 2004 and 2003 reported \$1,438,020 and \$1,135,204 as bond principal and interest payments respectively. However, it is presented as an operating transfer in the City's financial statements. Therefore, the operating transfers between the primary government and the component unit are reconciled as follows:

	<u>2004</u>	<u>2003</u>
Per component unit		
Transfer out	\$ -	\$ -
Per primary government		
General Fund		
Transfer in	<u>1,438,020</u>	<u>1,135,204</u>
Difference	<u>\$ 1,438,020</u>	<u>\$ 1,135,204</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

E. Capital leases:

The City leases property with varying terms and options. Most leases contain a clause that states that the lease shall terminate in the event that no funds or insufficient funds are appropriated. However, if renewal is reasonably assured, leases are considered noncancellable leases for financial reporting purposes.

The City has financed through lease agreements the acquisition of the data processing division computer system, word-processing systems for the legal division, computerized records management system and a computer-aided dispatch system for the fire and police departments, and various copying and duplicating equipment. In addition, tractors have been acquired for both the Water Maintenance and the Engineering Maintenance divisions; golf carts have been acquired for the City's golf courses and riding lawn mowers have been acquired for park maintenance. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of future minimum lease payments as of the date of their inception. Future minimum lease payments under operating leases are disclosed in the following note. At September 30, 2004, there were assets under capital lease totaling \$14,721,680 for machinery and equipment. Future minimum lease payments for capital leases are disclosed in Note 3 section 9.

F. Operating leases:

The City is obligated under certain noncancellable leases for land and buildings with terms remaining more than one year that are classified as operating leases. Operating leases do not give rise to property rights; therefore, the results of the lease agreements are not reflected in the City's account groups. Total lease expenditures for the rental of all land and buildings under operating leases for the year ended September 30, 2004, amounted to \$733,098. The following is a schedule by years of future minimum lease payments required under the noncancellable land and building operating leases as of September 30, 2004, (in thousands of dollars):

<u>Fiscal Year</u>	<u>Amount</u>
2005	\$ 373
2006	311
2007	301
2008	323
2009	323
2010 and thereafter	<u>3,295</u>
Total	<u>\$ 4,926</u>

The total rental expenditures for all operating leases of the City for the year ended September 30, 2004 totaled to \$1,381,732. There were no subleases or contingent rentals associated with the operating leases.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt:

1. General Obligation Bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both general government and proprietary activities. These bonds therefore are reported in the proprietary funds if they are to be repaid from proprietary revenues.

The City issued \$35 million of general obligation bonds in October 1998 to provide funds for the costs of altering or changing the channels of streams, and the costs of establishing or repairing storm drainage or sewage systems, the costs of constructing bridges and culverts, and the costs of purchasing land and improving recreational facilities and municipal buildings.

General obligation bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as serial bonds in denominations of \$5,000 with principal maturing annually and interest due at various semi-annual dates.

General obligation bonds currently outstanding at September 30, 2004, were as follows
(in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>General Obligation Bonds:</u>					
<u>General Long-Term Debt:</u>					
Capital Improvement					
Bonds, 1994 (Refunded 6/1/98)	7/01/94	5.40-7.625%	07/01/14	7,850	\$ -
Industrial Park Bonds,					
Refunding 1996	2/01/96	5.20-6.05%	12/01/06	3,570	1,430
Refunding Bonds, Series 1998	6/16/98	3.75-4.85%	07/01/14	5,490	5,265
General Obligation Bonds, Series 1998	10/01/98	4.00-5.25%	10/01/18	35,000	28,200
General Obligation Bonds, Series 2002	01/31/02	4.00-5.00%	05/01/18	30,605	18,905
MS Development Bank GO Bonds, Series 2003	01/05/03	2.00-5.25%	03/01/23	20,000	19,395
Total General Obligation Bonds in General Long-Term Debt					<u>73,195</u>
<u>Enterprise Funds:</u>					
Public Works Bonds,					
Series 1984-Water/Sewer	06/01/84	7.75-11.00%	06/01/04	6,175	-
Total General Obligation Bonds in Enterprise Funds					-
Total General Obligation Bonds					<u>\$73,195</u>

2. Revenue Bonds

The City issued \$40,520,000 of Revenue Refunding Bonds to provide for the current refunding of certain maturities of the City's outstanding Water and Sewer System Revenue Refunding Bonds, Series 1993-A, dated February 15, 1993, issued in the original principal amount of \$84,355,000, in order to accomplish debt service savings for the City.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

Revenue bonds outstanding, at September 30, 2004, were as follows (in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Revenue Bonds:</u>					
Enterprise Funds:					
Combined Water/Sewer System Bonds	07/07/99	5.00-6.75%	09/30/24	35,000	\$30,885
Combined Water/Sewer System Bonds Series 2002	09/01/02	3.00-5.50%	09/01/32	50,000	48,250
Water/Sewer Revenue Refunding 2003	02/15/03	4.00-5.25%	09/01/11	40,520	<u>36,860</u>
Total Revenue Bonds					<u>\$115,995</u>

3. Tax Increment Limited Obligation Bonds

The City issued \$1.650 million of tax increment limited obligation bonds in July 1996 to provide funds for the costs of constructing certain infrastructure improvements needed for the development of a retail shopping center. The City entered into an Interlocal Cooperation Agreement with Hinds County, Mississippi, to provide the pledge of certain ad valorem tax revenues for the payment of the principal and interest on the bonds. As a result, the bonds are not a general obligation of the City. Limited obligation bonds outstanding at September 30, 2004, are as follows (in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
<u>Limited Obligation Bonds:</u>					
General Long-Term Debt:					
Tax Increment Limited Obligation, 1995	04/01/95	8.90%	04/01/2006	\$ 1,650	\$ 450
Tax Increment Financing (Metro Station Project) Bonds, 1996	07/01/96	7.25%	07/01/2008	1,650	<u>755</u>
Total Limited Obligation Bonds					<u>\$ 1,205</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

4. Special Obligation Bonds

The City issued \$49.790 million of special obligation bonds in October 1997 to provide funds to make a loan to the City, the proceeds of which loan will be used by the City to fund a portion of the City's unfunded actuarial accrued liability (UAAL) in the City's Disability and Relief Retirement System. Special obligation bonds outstanding at September 30, 2004, are as follows (in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Special Obligation Bonds:					
General long-term debt:					
MS Development Bank Taxable					
Special Obligation Bonds,					
Series 1997	10/15/97	5.75-6.60%	7/01/2009	\$49,790	<u>\$ 27,365</u>
Total Special Obligation Bonds					<u>\$27,365</u>

5. Jackson Redevelopment Authority

a. Urban Renewal Bonds

Urban renewal bonds are issued to provide funds for various rehabilitation projects. The urban renewal bonds outstanding and net of unamortized bond discount of \$160,103 at September 30, 2004, were as follows (in thousands of dollars):

	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Urban Renewal Bonds:					
Enterprise Funds:					
Urban Renewal Central					
Business District, 1986-A	08/01/86	7.20-10.25%	08/01/09	\$ 1,040	\$ 410
Urban Renewal Refunding,					
Series 1993-B	05/15/93	2.80-5.75%	07/01/08	6,515	2,245
Urban Renewal Refunding,					
Series 1995-A	06/01/95	4.00-7.00%	04/01/13	6,295	3,780
Urban Renewal Refunding					
Series 1997-A	10/01/97	4.00-5.00%	11/01/13	12,270	8,225
Urban Renewal Revenue					
Bonds, Series 1997	11/01/97	Variable	11/01/12	25,200	17,740
Urban Renewal Central					
Business District, 1998-A	09/01/98	4.50-6.375%	09/01/23	2,825	2,420
Urban Renewal Central					
Business District, 1998-B	09/01/98	6.50-8.50%	09/01/23	1,175	1,050
Urban Renewal Central					
Business District, 1998-C	09/01/98	6.50-8.50%	09/01/18	1,800	2,055
Urban Renewal Bonds					
Jackson Mall Area Project, 1998-A	11/01/98	4.10-5.70%	11/01/13	650	485
Urban Renewal Bond					
Central Business District, 2000-A	11/01/00	5.00-7.00%	11/01/25	2,250	2,160
Urban Renewal Bond					
Central Business District					
2000-B	10/01/00	5.50%	10/01/03	4,250	-
Urban Renewal Bond					
Central Business District					
2003-B	10/01/03	2.69%	10/01/06	4,450	<u>4,450</u>
Total Urban Renewal Bonds					<u>\$ 45,020</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

b. Urban Renewal Notes

Urban renewal notes of JRA are issued to assist property owners in financing rehabilitation of properties within a designated urban renewal area. JRA lends the proceeds from the notes to the property owners with repayment terms identical to terms of the related urban renewal notes. The loans are collateralized by deeds of trust on real properties being rehabilitated. Urban renewal notes outstanding at September 30, 2004, were as follows (in thousands of dollars):

<u>Notes Payable</u>	<u>Date of Obligation</u>	<u>Interest Rate</u>	<u>Final Maturity Date</u>	<u>Issued</u>	<u>Outstanding</u>
Urban Renewal Rehabilitation Revenue Note	10/01/80	8.00%	10/01/05	850	<u>\$85</u>
Total Urban Renewal Rehabilitation Revenue Notes					<u>\$85</u>

In June 1995, JRA issued Urban Renewal Refunding Bonds - Series 1995 A in the principal amount of \$6,295,000 for the purpose of refunding the Urban Renewal Rehabilitation Bonds - Series 1988 A. The issuance of the Series 1995 A bonds resulted in the in-substance defeasance of the Series 1988 A bonds.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

6. A summary of long-term debt transactions, net of unamortized bond discount of \$3,604,000 for the primary government and \$160,103 for the component unit for the year ended September 30, 2004, was as follows (in thousands of dollars):

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Adjustments(a)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:						
Bonds and loans payable:						
General obligation bonds	\$ 80,180	\$ -	\$ 6,985		\$ 73,195	\$ 7,325
Limited obligation bonds	1,565	-	360		1,205	385
Special obligation bonds	31,520	-	4,155		27,365	4,550
State issued bonds	2,626	-	400		2,226	400
State revolving loan MDA	695	-	31	-	664	32
Less deferred amounts:						
For issuance discount	(464)	59	-	(80) (a)	(485)	-
On refunding premium	<u>733</u>	<u>-</u>	<u>216</u>	<u>1,156 (a)</u>	<u>1,673</u>	<u>-</u>
Total bonds payable	<u>116,855</u>	<u>59</u>	<u>12,147</u>	<u>1,076</u>	<u>105,843</u>	<u>12,692</u>
Capital leases	12,179	4,839	2,913	-	14,105	3,376
Claims and judgments	1,275	-	445	-	830	-
Compensated absences	<u>3,983</u>	<u>-</u>	<u>1,934</u>	<u>-</u>	<u>2,049</u>	<u>-</u>
	<u>17,437</u>	<u>4,839</u>	<u>5,292</u>	<u>-</u>	<u>16,984</u>	<u>3,376</u>
Total Governmental Activity	<u>\$134,292</u>	<u>\$ 4,898</u>	<u>\$ 17,439</u>	<u>\$ 1,076</u>	<u>\$ 122,827</u>	<u>\$ 16,068</u>
(a) understatement of prior year bond discount and premium.						
Business-type activities:						
Bonds and loans payable:						
General obligation bonds	\$ 630	\$ -	\$ 630	-	\$ -	\$ -
Revenue bonds	121,400	-	5,405	-	115,995	7,095
Less deferred amounts:						
On refunding discounts	(2,134)	-	985	-	(3,119)	-
On refunding premium	<u>7,524</u>	<u>-</u>	<u>23</u>	<u>-</u>	<u>7,501</u>	<u>-</u>
Total bonds payable	<u>127,420</u>	<u>-</u>	<u>7,043</u>	<u>-</u>	<u>120,377</u>	<u>7,095</u>
Capital leases	3,442	347	1,239	-	2,550	1,158
State Air & Water Pollution	46	-	39	-	7	7
State revolving loan (DEQ)	<u>21,693</u>	<u>-</u>	<u>1,143</u>	<u>-</u>	<u>20,550</u>	<u>1,189</u>
	<u>25,181</u>	<u>347</u>	<u>2,421</u>	<u>-</u>	<u>23,107</u>	<u>2,354</u>
Total Business-type activities	<u>\$ 152,601</u>	<u>\$ 347</u>	<u>\$ 9,464</u>	<u>\$ -</u>	<u>\$ 143,484</u>	<u>\$ 8,449</u>
Component Unit - Jackson Redevelopment Authority						
Urban Renewal bonds	\$ 48,315	\$ -	\$ 3,295	-	\$ 45,029	\$ 3,685
Urban Renewal notes	<u>154</u>	<u>-</u>	<u>68</u>	<u>-</u>	<u>86</u>	<u>75</u>
Total Component Unit	<u>\$ 48,469</u>	<u>\$ -</u>	<u>\$ 3,363</u>	<u>\$ -</u>	<u>\$ 45,106</u>	<u>\$ 3,760</u>
Total Long-Term Debt	<u>\$ 335,362</u>	<u>\$ 5,245</u>	<u>\$ 30,266</u>	<u>\$ 1,076</u>	<u>\$ 311,417</u>	<u>\$ 28,277</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

7. The City's legal debt margin for the issuance of general obligation bonds was \$85,037,466 at September 30, 2004.

8. Annual Maturities Requirements

The annual requirements to amortize all long-term debts outstanding, net of unamortized bond discount of \$160,103 for the component unit as of September 30, 2004, including interest, by source of retirement are as follows (in thousands of dollars):

Debt Service Fund (Special Tax Levy)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>		<u>Total (Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	
2005	\$ 3,465	\$ 7,325	\$ 10,790
2006	3,128	7,705	10,833
2007	2,765	8,105	10,870
2008	2,391	8,005	10,396
2009	2,059	3,040	5,099
2010-2014	7,963	17,555	25,518
2015-2019	3,439	15,770	19,209
2020-2024	616	5,690	6,306
2025-2028	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$25,826</u>	<u>\$73,195</u>	<u>\$ 99,021</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

<u>Fiscal Year</u>	<u>Limited Obligation Bonds</u>		<u>Special Obligation Bonds</u>		<u>Total (Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2005	\$ 85	\$ 385	\$ 1,789	\$ 4,550	\$ 17,599
2006	53	415	1,495	4,965	17,761
2007	29	195	1,175	5,420	17,689
2008	15	210	817	6,000	17,438
2009	-	-	424	6,430	11,953
2010-2014	-	-	-	-	25,518
2015-2019	-	-	-	-	19,209
2020-2024	-	-	-	-	6,306
2025-2033	-	-	-	-	-
Total	<u>\$ 182</u>	<u>\$ 1,205</u>	<u>\$ 5,700</u>	<u>\$ 27,365</u>	<u>\$133,473</u>

General Fund (General Fund Revenues)

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority Bonds</u>		<u>Obligation Under Capital Leases</u>		<u>Total (Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	
2005	\$ 377	\$ 960	\$ 522	\$ 3,376	\$ 5,235
2006	334	1,005	393	3,048	4,780
2007	290	950	289	1,612	3,141
2008	246	1,000	232	1,079	2,557
2009	198	1,050	193	827	2,268
2010-2014	315	3,505	586	2,727	7,133
2015-2019	-	-	114	1,436	1,550
Total	<u>\$ 1,760</u>	<u>\$ 8,470</u>	<u>\$ 2,329</u>	<u>\$ 14,105</u>	<u>\$ 26,664</u>

Unamortized refunding
gain and premium

-

-

Unamortized refunding
cost and discounts

(245)

(245)

Total Long-Term Debt

\$ 8,225

\$ 26,419

The City has unconditionally and irrevocably agreed to grant and contribute to the Jackson Redevelopment Authority from the General Fund of the City sums sufficient to pay the principal of and interest on the bonds issued by the Jackson Redevelopment Authority for urban renewal purposes, as the same shall mature and become due. The City has designated proceeds from Community Development Block Grants to service approximately 39% of the Jackson Redevelopment Authority bond requirements. Principal and interest maturities for 2004 were paid by contributions from the General Fund of \$1,438,020.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenue)

<u>Fiscal Year</u>	<u>Revenue Bonds</u>	
	<u>Interest</u>	<u>Principal</u>
2005	\$ 5,924	\$ 7,095
2006	5,571	7,430
2007	5,200	7,775
2008	4,810	8,145
2009	4,401	7,210
2010-2014	17,362	21,160
2015-2019	13,207	15,730
2020-2024	8,599	20,430
2025-2029	4,099	12,160
2030-2034	<u>901</u>	<u>8,860</u>
Total	<u>\$ 70,074</u>	<u>\$ 115,995</u>

<u>Fiscal Year</u>	<u>Obligations Under Capital Lease</u>	
	<u>Interest</u>	<u>Principal</u>
2004	\$ 75	\$ 1,157
2005	40	495
2006	21	278
2007	11	118
2008	7	70
2009-2013	12	432
2014-2018	-	-
2019-2023	-	-
2024-2028	-	-
2029-2033	<u>-</u>	<u>-</u>
Total	<u>\$ 166</u>	<u>\$ 2,550</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

Enterprise Funds - Water/Sewage Disposal System Fund (Water/Sewer Revenues)

<u>Fiscal Year</u>	<u>State Revolving Loan</u>	
	<u>Interest</u>	<u>Principal</u>
2005	\$ 745	\$ 1,189
2006	699	1,235
2007	650	1,284
2008	600	1,334
2009	547	1,387
2010-2014	1,751	7,803
2015-2019	600	4,730
2020-2024	70	1,587
2025-2029	-	-
2030-2031	-	-
Total	<u>\$ 5,662</u>	<u>\$ 20,549</u>

State Air and Water Pollution Control Commission

<u>Fiscal Year</u>	<u>Principal</u>	<u>Total</u>
		<u>(Memorandum Only)</u>
2005	\$ 6	\$ 16,191
2006	-	15,470
2007	-	15,208
2008	-	15,018
2009	-	13,622
2010-2014	-	48,520
2015-2019	-	34,267
2020-2024	-	30,686
2025-2029	-	16,259
2030-2034	-	9,761
Total	<u>\$ 6</u>	<u>\$215,002</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

Jackson Redevelopment Authority (Parking Facility Revenues)

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority</u> <u>Urban Renewal Bonds</u>		<u>Total</u> <u>(Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	
2005	\$ 126	\$ 515	\$ 641
2006	97	545	642
2007	68	575	643
2008	35	610	645
2009	-	-	-
2010-2014	-	-	-
2015-2019	-	-	-
2020-2024	-	-	-
Total	<u>\$ 326</u>	<u>\$ 2,245</u>	<u>\$ 2571</u>

Pursuant to a long-term lease agreement between the City and JRA dated May 1, 1980, the City agreed to pay certain basic rentals to JRA related to JRA's Urban Renewal Parking Facility Bonds. The City's requirement to pay rentals under the lease is limited to the amount sufficient to pay principal and interest on the bonds, reduced by the amounts accruing to JRA from operations of the facility and bond reserve accounts provided for such purposes. During 2004 funds were not needed from the City's General Fund for interest maturities.

Jackson Redevelopment Authority (Urban Renewal Project Revenues)

<u>Fiscal Year</u>	<u>Jackson Redevelopment Authority</u> <u>Notes Payable, Urban Renewal</u> <u>Notes and Bonds</u>		<u>Total</u> <u>(Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	
2005	\$ 1,590	\$ 2,285	\$ 3,875
2006	1,472	2,365	3,837
2007	1,289	6,940	8,229
2008	1,102	2,645	3,747
2009	967	2,790	3,757
2010-2014	2,711	12,955	15,666
2015-2019	906	2,130	3,036
2020-2024	347	1,740	2,087
2024-2029	19	325	344
2030-2034	-	-	-
Total	<u>\$ 10,403</u>	<u>\$ 34,175</u>	<u>\$ 44,578</u>
Unamortized refunding gain and premium		560	
Unamortized refunding cost and discounts		(100)	
Total Long-Term Debt		<u>\$ 34,635</u>	

There are a number of requirements contained in various revenue bond ordinances. The City is in compliance with all significant requirements.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

9. Annual Maturities Requirements

The annual requirements to amortize all debt outstanding, net of unamortized bond discount of \$160,103 for the component unit as of September 30, 2004, including interest of \$124,433 are as follows (in thousands of dollars):

<u>Fiscal Year</u>	<u>City of Jackson</u>	<u>Jackson Redevelopment Authority</u>
2005	\$37,688	\$ 5,853
2006	36,672	5,818
2007	34,798	10,112
2008	33,767	5,638
2009	26,595	5,005
2010 and thereafter	<u>195,389</u>	<u>24,953</u>
Total	<u>\$ 364,909</u>	<u>\$ 57,379</u>

10. Industrial Revenue Bonds

Long-term debt does not include amounts for Industrial Revenue Bonds issued under authority of Section 57-3-1 through Section 57-3-33 of the Mississippi Code of 1972, as annotated. Industrial Revenue Bonds are issued to provide funds for direct financing leases to aid industries which manufacture, process, or assemble agricultural or manufactured products or any industry engaged in storing or warehousing products of agriculture, mining, or industry. These leases are administered by trustees with terms that provide for transfer of title of property after all bonds are paid in full.

Bonds issued under provisions of the above-mentioned law do not constitute an indebtedness of the municipality within the meaning of any state constitutional provision or limitation, or never give rise to the pecuniary liability of the municipality or a charge against its general credit or taxing powers, and such fact is plainly stated in the face of the bonds.

At September 30, 2004, the City of Jackson had \$4,235,000 of Industrial Revenue Bonds outstanding.

	<u>Balance</u>	<u>Beginning Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Industrial revenue bonds payable:					
Revenue bond-Dorsey	\$ 585	\$ -	\$ -	\$ 585	\$ 585
Revenue bond-I R Floating	<u>3,650</u>	<u>-</u>	<u>-</u>	<u>3,650</u>	<u>-</u>
Total Industrial revenue bonds	<u>\$ 4,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,235</u>	<u>\$ 585</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

<u>Fiscal Year</u>	<u>Industrial Revenue Bonds</u>		<u>Total (Memorandum Only)</u>
	<u>Interest</u>	<u>Principal</u>	
2005	\$ 303	\$ 585	\$ 888
2006	256	-	256
2007	256	-	256
2008	1,280	-	1,280
2009	1,280	3,650	4,930
2010-2014	-	-	-
2015-2019	-	-	-
Total	<u>\$ 3,375</u>	<u>\$ 4,235</u>	<u>\$ 7,610</u>

11. Interest Rate Swap

On March 31, 2004, the City and the Mississippi Development Bank (collectively “the City”) executed a confirmation with RFPC, LLC (a subsidiary of Rice Financial Products Company) (the “2004 Swap Counterparty”), in connection with the execution of an Interest Rate Swap Agreement (the “2004 Swap Agreement”) in order to reduce the debt service costs associated with certain outstanding obligations of the City. The swap was done in conjunction with the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project) issued to fund certain water and sewer improvements for the City. The notional amount of the swap is \$49,105,000. The City received a savings pre-payment of \$575,000 from the 2004 Swap Counterparty when the swap was initiated for the purpose of paying certain costs associated with the swap including legal and financial advisory fees.

Under the 2004 Swap Agreement the City receives a fixed rate from the 2004 Swap Counterparty, and in return pays a fixed rate less an Adjustment Factor. The Adjustment Factor exposes the City to changes in the ratio between the tax-exempt BMA Index and LIBOR. Payments on the swap are exchanged semiannually. The swap will become effective on April 1, 2005 and will terminate on April 1, 2024. An early termination of the swap transaction may result in the City making or receiving a termination payment based on the prevailing market interest rates at the time of such termination. As of September 30, 2004, the fair market value of the transaction was a liability of \$4,734,929 for the City, which is not recorded, in the financial statements.

Risks Associated with the 2004 Swap Agreement

Credit Risk – The City’s swap relies on the performance of the 2004 Swap Counterparty. The City is exposed to the risk that the 2004 Swap Counterparty is unable to fulfill its obligations to the City. The obligations of the 2004 Swap Counterparty to the City are guaranteed by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody’s Investors Service, Standard & Poor’s and Fitch, respectively.

Basis Risk – The City pays fixed rates on the Mississippi Development Bank Special Obligation Bonds Series 2002 (Jackson, Mississippi Water and Sewer System Revenue Bond Project).

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 3 – Detailed notes on all funds (Continued):

G. Long-term debt (Continued):

Tax Risk – The City is exposed to changes in relationships between tax-exempt and taxable interest rates that may be affected by changes in the marginal tax rate, the elimination of tax preferences or other major changes to current tax law including, but not limited to, implementation of a flat tax or value-added tax.

Termination Risk – The 2004 Swap Agreement does not contain any extraordinary termination events or triggers that would expose the City to significant termination risk. If the 2004 Swap Counterparty fails to meet its obligations to the City, these obligations will be met by a third party guarantor that maintains credit ratings of Aaa/AAA/AAA by Moody's Investors Service, Standard & Poor's and Fitch, respectively. If the third party guarantor suffers a loss of creditworthiness, the 2004 Swap Counterparty shall find an acceptable replacement guarantor. If such replacement guarantor is not available or if the City fails to meet its obligations to the 2004 Swap Counterparty, the termination provisions in the 2004 Swap Agreement will apply. The City may be liable for a payment equal to the fair market value of the swap if a termination occurs prior to April 1, 2004 and that fair market value is negative.

Note 4 – Other Information

A. Risk Management

1. Workers Compensation Benefits

The City maintains a self-funded workers compensation plan accounted for in the General Fund. Benefits paid to employees during fiscal year 2004 were \$2,660,323.

Estimates of the liability for unpaid claims are actuarially determined based on observed patterns of claims payments and case reserves development. Liabilities are based on the ultimate costs of settling claims, including inflation and other factors, and includes provisions for estimated claims adjustment expenses.

2. Unemployment Benefits

The City also maintains an Unemployment Compensation Revolving Fund (Expendable Trust Fund) established pursuant to state law. In addition to funding all valid claims, the City is required to maintain the balance in the fund at not less than 2% of the first \$7,000 paid each employee during the preceding year. As of September 30, 2004, the required amounts were funded. Claims totaled \$93,678 during fiscal year 2004. Estimates of the liability for unpaid claims are based on patterns of claims payments.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 4 – Other Information (Continued):

A. Risk Management (Continued):

3. Group Benefits

Additionally, the City maintains the Employees' Group Benefit Fund (Internal Service Fund) to account for the accumulation of revenues, principally contributions from the City of Jackson and employees to be used to fund future liabilities and current payment of employer medical claims and related administration expenditures of the City's group benefit plan. Revenues totaled \$8,655,816 and employee benefit costs were \$9,723,559 during fiscal year 2004. Claims incurred but not reported at September 30, 2004, in the Employees' Group Benefit Fund are provided for in the fund balance of that fund based primarily upon an actuary's estimate.

4. Tort Liability

In compliance with the Tort Claims Act, Chapter 46 of Title 11 and as amended by the 1993 Legislature, Section 11-46-17(3) requires all municipalities from and after October 1, 1993, to obtain such policies of insurance, establish self-insurance reserves, or provide a combination of insurance and reserves necessary to cover all risks of claims and suits for which the City of Jackson may be liable under the Tort Claims Act.

In order to assure compliance with the Tort Claims Act, House Bill 417 established the Mississippi Tort Claims Board. Municipalities are required to submit plans of insurance, self-insurance and or reserves to the Tort Claims Board for approval.

Municipalities may comply with the requirements of the Tort Claims Act by one of the following methods: (1) Purchase of liability insurance, (2) Pooling of two or more municipalities or other political subdivision to purchase liability insurance or to self insure, (3) Self-insure with the establishment of a self-insurance reserve fund.

The City of Jackson is in compliance by using method number three as indicated above. The 2004 fiscal year budget had the monies necessary to establish the reserve fund at the required funding level. Estimates of the liability for unpaid claims are actuarially determined.

For the past three years, the settlement amount for claims against the City has not exceeded the amount of insurance coverage maintained by the City.

The following table provides a reconciliation of changes in the liabilities for claims for years ended September 30, 2004 and 2003:

	Employee Benefit Fund	Tort Claims	Unemployment Benefits Fund	Workers Compensation Benefits
2004:				
Beginning Balance	\$ 414,547	\$ 3,082	\$ 1,695	\$ -
Current Year Claims / Changes in Estimates	9,723,559	517,175	93,678	2,660,323
Claims Payments	<u>10,666,382</u>	<u>541,823</u>	<u>99,620</u>	<u>2,660,323</u>
Ending Balance	<u>\$ 528,276</u>	<u>\$ 21,566</u>	<u>\$ 4,247</u>	<u>\$ -</u>
2003:				
Beginning Balance	\$ 659,865	\$ 2,842	\$ 1,417	\$ -
Current Year Claims / Changes in Estimates	9,294,812	752,567	128,981	3,245,537
Claims Payments	<u>9,540,130</u>	<u>752,327</u>	<u>128,703</u>	<u>3,245,537</u>
Ending Balance	<u>\$ 414,547</u>	<u>\$ 3,082</u>	<u>\$ 1,695</u>	<u>\$ -</u>

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 4 – Other Information (Continued):

B. Commitments:

The City has pledged sales tax reimbursements from the State of Mississippi to repay the State Air and Water Pollution Control Commission for a loan to the Jackson Sewage Disposal System Fund. The outstanding balance of this loan at September 30, 2004, was \$ 5,819. During fiscal year 1993, the City entered into a revolving loan agreement with the Department of Environmental Quality (DEQ) for loans to the Jackson Water/Sewage Disposal System Fund. The outstanding balance of the revolving loans at September 30, 2004, was \$20,548,905. The City has also pledged sales tax reimbursements from the State to repay the DEQ loans.

C. Contingent liabilities:

Litigation

The City is defendant in a number of legal actions seeking actual and punitive damages. Contingencies totaling \$643,000 for which it is probable a loss has been incurred and are subject to reasonable estimation are recognized in the financial statements in the general long-term debt account group. An additional \$1,400,000 has been designated for contingencies relating to litigation for which the outcome is uncertain. The City is vigorously defending all matters of litigation and believes there will be no material adverse financial effect.

Federal Grants

The City participates in a number of state and federally funded grant programs, principal of which are Community Development Block Grant, Federal Highway Administration, Department of Transportation and Department of Justice grants. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. As of September 30, 2004, the City has disallowed expenditures and or questioned costs resulting from audits performed by the following grantor agencies: U.S. Department of Housing and Urban Development, Community Development Block Grant and HOME Program \$500,000.

A settlement has been reached with these agencies to deduct the \$500,000 in three installments over the next three years from the funding allocation of the CDBG and HOME Program.

During fiscal year 2004, the City paid the above funding source a total of \$166,670 leaving a balance of \$166,660 in disallowed expenditures.

D. Joint ventures:

The following provides the summary financial information of the Jackson/Hinds Library System as of September 30, 2004 (in thousands of dollars):

Jackson/Hinds Library System

Total assets	<u>\$ 1,317</u>	
Total liabilities	<u>\$ 318</u>	
Total fund equity	<u>\$ 999</u>	
Total revenues	<u>\$ 3,645</u>	(1)
Total expenditures	<u>\$ 3,564</u>	
Net increase (decrease) in fund balance	<u>\$ 80</u>	
Total debt	<u>\$ -</u>	

(1) The percentage share of the joint venture applicable to the City of Jackson is fifty percent (50%).

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 4 – Other Information (Continued):

E. Employees' Retirement System:

The City of Jackson participates in two retirement systems administered by the Public Employees' Retirement System of Mississippi (PERS). Both systems are defined benefit plans and include a multi-employer, cost-sharing pension plan and an agent multi-employer pension plan as described below:

Public Employees' Retirement System

1. Plan Description and Provisions

Substantially all City of Jackson full-time employees participate in PERS, a multi-employer, cost-sharing, defined benefit public employee pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Section 21-29-201 of the Mississippi Code of 1942 as annotated, and may be amended only by the State of Mississippi Legislature. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That information may be obtained by writing to Public Employee Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Description of Funding Policy

PERS members are required to contribute 7.25% of their annual covered salary and the City of Jackson is required to contribute at an actuarially determined rate. The current rate is 9.75% of annual covered payroll. The contribution requirements of PERS members are established and may be amended only by the State of Mississippi Legislature.

Annual Pension Cost. For 2004, the City's annual pension cost of \$2,226,039 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the September 30, 2003, actuarial valuation using the entry age actuarial cost method. PERS's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at September 30, 2004 was 30 years.

Three-Year Trend Information for PERS

(Dollar amounts in Thousands)

<u>Fiscal Year Funding</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage Of APC Contributed</u>	<u>Net Pension Obligation</u>
9/30/02	\$ (363)	N/A	\$ 0
9/30/03	884	19.8%	0
9/30/04	1,660	12.3%	0

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 4 – Other Information (Continued):

E. Employees' Retirement System:

Disability and Relief- Municipal Retirement Systems Pension Plan

1. Plan Description

The City of Jackson contributes to the Municipal Retirement Systems and Fire and Police Disability and Relief Fund (MRS), an agent multiple-employer defined benefit pension plan administered by the Public Employees' Retirement System of Mississippi. The City's uniformed police officers and firefighters employed prior to April 1, 1976, participate in MRS. Firefighters and police officers employed subsequent to April 1, 1976, are members of the Public Employees' Retirement System of the State as previously described. MRS provides retirement and disability benefits and death benefits to plan members and beneficiaries. Benefit provisions are established by Sections 21-29, Articles 1, 3, 5 and 7, Mississippi Code Ann. (1972) and annual local and private legislation. Legislation may be amended only by the State of Mississippi Legislature. At September 30, 2004, the date of the most recent actuarial verification, there were 15 participating municipal employers. PERS issues a publicly available financial report that includes financial statements and required supplementary information for MRS. That information may be obtained by writing to Public Employees' Retirement System, PERS Building, 429 Mississippi Street, Jackson, MS 39201-1005 or by calling (601) 359-3589 or 1-800-444-PERS.

2. Basis of Accounting

MRS uses the accrual basis of accounting. Employee and employer contributions are recognized as revenue in the period in which employee services are performed, investment income is recognized when earned. Expenses, including benefits and refunds paid, are recognized when incurred. Investments for MRS are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Corporate bonds are valued based on yields currently available on comparable securities from issuers of similar credit rating. Mortgage securities are valued on the basis of future principal and interest payments and counted at prevailing interest rates for similar instruments. Short-term investments are reported at market value when published prices are available, or at cost plus accrued interest, which approximates market or fair value. For individual investments where no readily ascertainable market value exists, the Public Employees' Retirement System, in consultation with their investment advisors and custodial bank, has determined the fair values.

3. Funding Status and Progress

The actuarial accrued liability is a measure intended to (i) help users assess the plan's funding status on a going-concern basis, and (ii) assess progress being made in accumulating sufficient assets to pay benefits when due. For the years ending September 30, 1994, and prior, the actuarial value of assets was equal to book value. Beginning with the September 30, 1995, actuarial valuation, the actuarial value of assets will be determined on a market related basis that recognizes 20% of the previously unrecognized and unanticipated gains and losses (both realized and unrealized). Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Assumptions, including projected pay increases, were the same as used to determine the system's annual required contribution between entry age and assumed exit age. Entry age was established by subtracting credited service from current age on the valuation date.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 4 – Other Information (Continued):

E. Employees' Retirement System:

The entry age actuarial accrued liability was determined as part of an actuarial valuation of the system (but not used for funding purposes) as of September 30, 2004. Significant actuarial assumptions used in determining the entry age actuarial accrued liability include: (a) a rate of return on the investment of present and future assets of 8% per year compounded annually, (b) projected salary increases of 4.0% per year compounded annually, attributable to inflation, and (c) additional projected salary increases of 1% per year compounded annually, attributable to seniority/merit. At September 30, 2004, the unfunded actuarial accrued liability was determined as follows:

<u>Actuarial Accrued Liability</u>	<u>(In Thousands of Dollars)</u>
Retirees and beneficiaries currently receiving benefits	\$138,910
Active members	5,580
Vested terminated members not yet receiving benefits	<u>-</u>
Total actuarial accrued liability	144,490
Actuarial Value of Assets	<u>119,716</u>
Unfunded actuarial accrued liability	<u><u>\$ 24,774</u></u>

During the year ended September 30, 2004 the plan experienced an estimated net change of \$(4,765) in the Actuarial Accrued Liability. Of the change, \$0 was attributable to plan amendments and none was attributable to assumption changes.

4. Contributions Required and Contributions Made

The funding policy for MRS provides for periodic employer contributions at actuarially determined rates that are designed to accumulate sufficient assets to pay benefits when due. In developing the annual required contribution shown below, the normal cost and actuarial accrued liability are determined using the entry age actuarial cost method. Unfunded actuarial accrued liability is being amortized on an open basis as a level dollar amount over a period of 40 years. In practice, the current financing arrangement provides for a contribution determined as a percentage of each city's assessed property valuation. The City's contribution for the year ended September 30, 2004, was 5.06 mills on property valuation. The City's active MRS members contribute ten percent of their base salaries to the plan. This difference has historically resulted in the actual contribution being less than the annual required contribution.

During the year ended September 30, 2004, contributions totaling approximately \$281,433 (\$204,473 employer and \$76,960 employee) were made in accordance with contribution requirements determined by the actuarial valuation of the system as of September 30, 2003. The employer contributions consisted of approximately \$72,653 for normal cost and administrative expenses and \$131,820 for amortization of the unfunded actuarial accrued liability.

CITY OF JACKSON
Notes to Financial Statements
September 30, 2004

Note 5 – Prior Period Adjustment:

The following prior period adjustments were made to the government wide financial statements fixed assets for GASBS 34 reporting.

To record infrastructure assets	\$59,436,331
To adjust for overstatement of prior year automotive and equipment	(7,600,081)
To record understatement of prior year bond cost	<u>(735,569)</u>
Total	<u>\$51,100,681</u>

CITY OF JACKSON
Required Supplementary Information
Employees' Retirement Systems
Schedule of Funding Progress
September 30, 2004

PUBLIC EMPLOYEES RETIREMENT SYSTEM
Schedule of Funding Progress for PERS

(Dollar amounts in Thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) -Entry Age (b)</u>	<u>Unfunded AAL (UAAL) b-a</u>	<u>Funded Ratio (a/b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage Of Covered Payroll ((b-a)/c)</u>
9/30/02	\$139,191	\$148,091	8,900	94.0	1,263	704.7
9/30/03	130,908	149,255	18,347	87.7	782	2,346.2
9/30/04	119,716	144,490	24,774	82.9	683	3,627.2

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**NON-MAJOR
GOVERNMENTAL FUNDS**

Nonmajor Governmental Funds

Special Revenue Funds

Parks and Recreation Fund

To account for the operation and maintenance of all City-owned parks. Financing is provided by a 2-Mill annual property tax levy, admissions, fees and concessions. Appropriations are made from General Fund sources to the extent that such tax levy and other revenues are not sufficient to finance expenditures.

Federal Grant Fund

To account for proceeds of various federal grant programs other than those grants for Enterprise Fund or Capital Projects Fund items.

State Grant Fund

To account for proceeds of state grants or loans other than those grant or loans for Enterprise Fund or Capital Projects Fund items.

Disability and Relief Fund

To account for the receipt of revenues, principally tax levies, and subsequent distribution to the Public Employee's Retirement System of Mississippi, for payment of pensions of retired and disabled police and firemen employed prior to April 1, 1976.

Capital Project Funds

Industrial Park Bond Fund, 1982-A

To account for proceeds of general obligation bonds of \$3,000,000 to establish an industrial park.

Street Construction Bond Fund, 1983

To account for proceeds of general obligation bonds of \$18,474,000 for constructing, improving and paving certain streets and parts of streets in the City.

Industrial Park Bond fund, 1986-A

To account for proceeds of general obligation bonds of \$4,500,000 for public works improvements in an industrial park.

1988 Construction Bond Fund

To account for proceeds of general obligation bonds of \$43,325,000 issued to finance certain projects including constructing and improving streets, storm drainage systems, parks and municipal buildings, and purchasing fire fighting equipment.

Special Assessment Bond Fund 1982

To account for proceeds of general obligation bonds of \$1,425,000 issued to finance certain street improvements and other improvements and related facilities.

G.O. Capital Improvement Fund 1994

To account for proceeds of general obligation bonds of \$7,850,000 issued to finance the improvement and extension of the storm drainage system of the city, the construction, improvement or paving of streets, sidewalks and walkways and the purchase of land therefore and the purchase of firefighting equipment and apparatus, the construction of housing for the same and the purchase of land there

1996 Tax Increment Limited Obligation Metro Station Construction

To account for proceeds of general obligation bonds of \$1,650,000 issued to finance the costs of constructing various infrastructure improvements including, but not limited to, the construction and reconstruction of streets and utilities and the acquisition of land in connection therewith and other cost incidental to the construction.

City of Jackson
Combining Balance Sheet
Nonmajor Governmental Funds
For the year ended September 30, 2004

	Special Revenue				
	Parks and Recreation	Federal Grant	State Grant	Disability and Relief	Total
ASSETS					
Cash and Cash Equivalent	\$ 191,421	\$ 747,794	\$ 18,760	\$ 1,242,198	\$ 2,200,173
Investments	499,900	-	-	20,767	520,667
Accounts Receivable	8,391	-	97,826	-	106,217
Other Receivable	400	-	-	-	400
Intergovernmental Receivable	-	2,582,256	-	-	2,582,256
Accrued Interest	-	-	-	-	-
Due from other funds	-	92,000	72,000	-	164,000
Total Current Asset	<u>\$ 700,112</u>	<u>\$ 3,422,050</u>	<u>\$ 188,586</u>	<u>\$ 1,262,965</u>	<u>\$ 5,573,713</u>
LIABILITIES					
Current Liabilities:					
Accounts Payable	\$ 56,644	\$ 2,173,630	\$ 79,763	\$ 215,784	\$ 2,525,821
Deferred Revenue	1,787	665,180	-	4,059	671,026
Other Liabilities	16,043	46,306	-	-	62,349
Due to other funds	-	436,436	10,838	-	447,274
Total liabilities	<u>74,474</u>	<u>3,321,552</u>	<u>90,601</u>	<u>219,843</u>	<u>3,706,470</u>
FUND BALANCES					
Unrestricted	<u>625,638</u>	<u>100,498</u>	<u>97,985</u>	<u>1,043,122</u>	<u>1,867,243</u>
Total fund balances	<u>625,638</u>	<u>100,498</u>	<u>97,985</u>	<u>1,043,122</u>	<u>1,867,243</u>
Total Liabilities and Fund balances	<u>\$ 700,112</u>	<u>\$ 3,422,050</u>	<u>\$ 188,586</u>	<u>\$ 1,262,965</u>	<u>\$ 5,573,713</u>

Capital Projects

Industrial Park Bond	Street Construction Bond	1986 Industrial Park Bond	1988 Construction Bond	1992 Special Assessment Bond	1994 GO Bond Capital Improvement	1996 Metro Station	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,732	\$ 213,667	\$ 1,948	\$ -	\$ 11,415	\$ 228,762	\$ 2,428,935
249,525	-	-	498,360	-	868,347	-	1,616,232	2,136,899
15,685	-	-	-	-	-	-	15,685	121,902
-	-	-	-	-	-	-	-	400
-	-	-	-	-	-	-	-	2,582,256
3,813	-	-	7,627	-	13,270	-	24,710	24,710
-	-	-	-	-	-	-	-	164,000
<u>\$ 269,023</u>	<u>\$ -</u>	<u>\$ 1,732</u>	<u>\$ 719,654</u>	<u>\$ 1,948</u>	<u>\$ 881,617</u>	<u>\$ 11,415</u>	<u>\$ 1,885,389</u>	<u>\$ 7,459,102</u>
\$ 141,491	\$ -	\$ -	\$ 173,532	\$ -	\$ 104,636	\$ 73,053	\$ 492,712	\$ 3,018,533
-	-	-	-	-	-	-	-	671,026
-	-	-	-	-	-	-	-	62,349
-	-	-	-	-	-	-	-	447,274
<u>141,491</u>	<u>-</u>	<u>-</u>	<u>173,532</u>	<u>-</u>	<u>104,636</u>	<u>73,053</u>	<u>492,712</u>	<u>4,199,182</u>
127,532	-	1,732	546,122	1,948	776,981	(61,638)	1,392,677	3,259,920
<u>127,532</u>	<u>-</u>	<u>1,732</u>	<u>546,122</u>	<u>1,948</u>	<u>776,981</u>	<u>(61,638)</u>	<u>1,392,677</u>	<u>3,259,920</u>
<u>\$ 269,023</u>	<u>\$ -</u>	<u>\$ 1,732</u>	<u>\$ 719,654</u>	<u>\$ 1,948</u>	<u>\$ 881,617</u>	<u>\$ 11,415</u>	<u>\$ 1,885,389</u>	<u>\$ 7,459,102</u>

City of Jackson
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Governmental Funds
For the year ended September 30, 2004

	Special Revenue				
	Parks and Recreation	Federal Grant	State Grant	Disability and Relief	Total
REVENUES					
General property taxes	\$ 2,100,452	\$ -	\$ -	\$ 5,360,399	\$ 7,460,851
Intergovernmental	164,806	10,688,548	311,388	168,124	11,332,866
Admissions, fees, rentals and concessions	472,067	-	-	901	472,968
Interest	8,372	15,672	97	22,406	46,547
Other	26,575	409,038	72,000	77,446	585,059
Total revenues	<u>2,772,272</u>	<u>11,113,258</u>	<u>383,485</u>	<u>5,629,276</u>	<u>19,898,291</u>
EXPENDITURES					
Current Operations:					
Personnel Services	3,851,521	3,525,264	126,655	-	7,503,440
Supplies	758,810	736,380	10,531	-	1,505,721
Other Services and Charges	1,017,284	6,218,866	110,062	186,087	7,532,299
Capital Outlay	283,139	675,718	86,259	-	1,045,116
Debt Service:					
Principal	-	-	-	4,155,000	4,155,000
Interest and service charges	-	-	-	2,055,416	2,055,416
Total expenditures	<u>5,910,754</u>	<u>11,156,228</u>	<u>333,507</u>	<u>6,396,503</u>	<u>23,796,992</u>
Excess (deficiency) of revenues over expenditures	<u>(3,138,482)</u>	<u>(42,970)</u>	<u>49,978</u>	<u>(767,227)</u>	<u>(3,898,701)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in:					
General Fund	3,063,000	890,075	15,043	-	3,968,118
Transfers out:					
General Fund	-	(1,599,245)	(70)	-	(1,599,315)
Total other financing sources (uses)	<u>3,063,000</u>	<u>(709,170)</u>	<u>14,973</u>	<u>-</u>	<u>2,368,803</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(75,482)</u>	<u>(752,140)</u>	<u>64,951</u>	<u>(767,227)</u>	<u>(1,529,898)</u>
Fund balances at beginning of year	<u>701,120</u>	<u>852,638</u>	<u>33,034</u>	<u>1,810,349</u>	<u>3,397,141</u>
Fund balances at end of year	<u>\$ 625,638</u>	<u>\$ 100,498</u>	<u>\$ 97,985</u>	<u>\$ 1,043,122</u>	<u>\$ 1,867,243</u>

Capital Projects								Total Nonmajor Governmental Funds
Industrial Park Bond	Street Construction Bond	1986 Industrial Park Bond	1988 Construction Bond	1992 Special Assesment Bond	1994 GO Bond Capital Improvement	1996 Metro Station	Total	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,460,851
-	-	-	-	-	-	-	-	11,332,866
-	-	-	-	-	-	-	-	472,968
5,907	89	13	31,085	17	21,415	95	58,621	105,168
-	-	-	-	-	-	-	-	585,059
<u>5,907</u>	<u>89</u>	<u>13</u>	<u>31,085</u>	<u>17</u>	<u>21,415</u>	<u>95</u>	<u>58,621</u>	<u>19,956,912</u>
-	-	-	-	-	-	-	-	7,503,440
-	-	-	-	-	-	-	-	1,505,721
103,120	-	-	2,008,973	-	236,704	-	2,348,797	9,881,096
-	-	-	-	-	-	-	-	1,045,116
-	-	-	-	-	-	-	-	4,155,000
-	-	-	-	-	-	-	-	2,055,416
<u>103,120</u>	<u>-</u>	<u>-</u>	<u>2,008,973</u>	<u>-</u>	<u>236,704</u>	<u>-</u>	<u>2,348,797</u>	<u>26,145,789</u>
<u>(97,213)</u>	<u>89</u>	<u>13</u>	<u>(1,977,888)</u>	<u>17</u>	<u>(215,289)</u>	<u>95</u>	<u>(2,290,176)</u>	<u>(6,188,877)</u>
-	-	-	-	-	-	-	-	3,968,118
-	(17,208)	-	(1,000,000)	-	-	-	(1,017,208)	(2,616,523)
-	(17,208)	-	(1,000,000)	-	-	-	(1,017,208)	1,351,595
(97,213)	(17,119)	13	(2,977,888)	17	(215,289)	95	(3,307,384)	(4,837,282)
<u>224,745</u>	<u>17,119</u>	<u>1,719</u>	<u>3,524,010</u>	<u>1,931</u>	<u>992,270</u>	<u>(61,733)</u>	<u>4,700,061</u>	<u>8,097,202</u>
<u>\$ 127,532</u>	<u>\$ -</u>	<u>\$ 1,732</u>	<u>\$ 546,122</u>	<u>\$ 1,948</u>	<u>\$ 776,981</u>	<u>\$ (61,638)</u>	<u>\$ 1,392,677</u>	<u>\$ 3,259,920</u>

City of Jackson
Debt Service Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2004

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
General property taxes				
Current realty taxes	\$ 6,456,032	\$ 6,456,032	\$ 6,231,448	(224,584)
Current personal taxes	2,547,072	2,547,072	2,555,448	8,376
Delinquent taxes	40,000	40,000	61,010	21,010
Automobile ad valoren taxes	1,200,262	1,200,262	1,214,805	14,543
Homestead exemption	314,000	314,000	316,313	2,313
Interest	25,000	25,000	61,281	36,281
Special assessments	-	-	25,911	25,911
Other revenues	80,000	80,000	791,401	711,401
Total revenues	10,662,366	10,662,366	11,257,617	595,251
EXPENDITURES				
General obligation bonds				
Principal	6,985,000	6,985,000	6,985,000	-
Interest	3,788,846	3,788,848	3,788,846	2
Bank service charge	35,000	34,998	7,404	27,594
Tax Increment LO Bds-Junc. 95 Bonds Funds				
Principal	200,000	200,000	200,000	-
Interest	48,950	48,950	57,850	(8,900)
Bank service charge	5,000	5,000	1,500	3,500
Tilo 96 Metro Station Bond Funds				
Principal	160,000	160,000	160,000	-
Interest	66,338	66,338	66,338	-
Bank service charge	5,000	5,000	-	5,000
Other	-	-	148,761	(148,761)
Total expenditures	11,294,134	11,294,134	11,415,699	(121,565)
Deficiency of revenues over (under) expenditures	(631,768)	(631,768)	(158,082)	473,686
OTHER FINANCING SOURCES(USES)				
Transfers in	1,066,307	2,066,307	1,372,453	(693,854)
Transfers out	(1,066,307)	(1,066,307)	(372,454)	693,853
Total other financing sources and uses	-	1,000,000	999,999	(1)
Net change in fund balances	(631,768)	368,232	841,917	473,685
Fund balances at beginning of year	451,109	451,109	451,109	-
Fund balances at end of year	\$ (180,659)	\$ 819,341	\$ 1,293,026	\$ 473,684

City of Jackson
Improvement Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2004

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget- Positive (Negative)
REVENUES				
General property taxes	\$ 1,070,000	\$ 1,070,000	\$ 794,967	\$ (275,033)
Intergovernmental Revenue	12,686,315	14,084,426	1,964,647	(12,119,779)
Interest	29,537	17,025	40,545	23,520
Other revenues	1,233,000	1,264,419	98,193	(1,166,226)
Total revenues	15,018,852	16,435,870	2,898,352	(13,537,518)
EXPENDITURES				
Current Operations				
Personnel services	5,500	5,500	-	5,500
Supplies	50,810	20,000	(5,000)	25,000
Other Services and Charges	19,340,249	23,786,044	6,747,810	17,038,234
Capital Outlay	131,032	130,000	3,680	126,320
Total expenditures	19,527,591	23,941,544	6,746,490	17,195,054
Deficiency of revenues over (under) expenditures	(4,508,739)	(7,505,674)	(3,848,138)	(3,657,536)
OTHER FINANCING SOURCES(USES)				
Transfers in	400,000	1,301,186	910,145	391,041
Proceeds from long term debt	-	1,997,257	1,997,257	-
Total other financing sources and uses	400,000	3,298,443	2,907,402	391,041
Net change in fund balances	(4,108,739)	(4,207,231)	(940,736)	(3,266,495)
Fund balances at beginning of year	4,980,587	4,980,587	4,980,587	-
Fund balances at end of year	\$ 871,848	\$ 773,356	\$ 4,039,851	\$ (3,266,495)

City of Jackson
1998 GO Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest	\$ 285,000	\$ 285,000	\$ 281,409	\$ (3,591)
Total revenues	285,000	285,000	281,409	(3,591)
EXPENDITURES				
Current Operations				
Personnel services	20,000	-	-	-
Supplies	10,000	1,000	5,342	4,342
Other services and charges	17,958,000	17,987,000	1,693,229	16,293,771
Total expenditures	17,988,000	17,988,000	1,698,571	16,289,429
Deficiency of revenues over (under) expenditures	(17,703,000)	(17,703,000)	(1,417,162)	(16,285,838)
OTHER FINANCING SOURCES(USES)				
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(17,703,000)	(17,703,000)	(1,417,162)	(16,285,838)
Fund balances at beginning of year	17,269,340	17,269,340	17,269,340	-
Fund balances at end of year	<u>\$ 433,660</u>	<u>\$ 433,660</u>	<u>\$ 15,852,178</u>	<u>\$ (16,285,838)</u>

City of Jackson
2003 GO Public Improvement Bond Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended September 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget- Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Intergovernmental Revenue	\$ 2,675,000	\$ 2,675,000	\$ 590,199	\$ (2,084,801)
Interest	350,000	150,000	291,935	141,935
Total revenues	<u>3,025,000</u>	<u>2,825,000</u>	<u>882,134</u>	<u>(1,942,866)</u>
EXPENDITURES				
Current Operations				
Supplies	-	10,400	9,942	458
Other services and charges	22,591,887	21,833,387	2,971,903	18,861,484
Capital outlay	<u>200,000</u>	<u>176,559</u>	<u>4,415</u>	<u>172,144</u>
Total expenditures	<u>22,791,887</u>	<u>22,020,346</u>	<u>2,986,260</u>	<u>19,034,086</u>
Deficiency of revenues over (under) expenditures	(19,766,887)	(19,195,346)	(2,104,126)	(17,091,220)
OTHER FINANCING SOURCES(USES)				
Transfers out:				
General Fund	<u>-</u>	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>
Total other financing sources and uses	<u>-</u>	<u>(31,000)</u>	<u>(31,000)</u>	<u>-</u>
Net change in fund balances	(19,766,887)	(19,226,346)	(2,135,126)	(17,091,220)
Fund balances at beginning of year	<u>19,293,821</u>	<u>19,293,821</u>	<u>19,293,821</u>	<u>-</u>
Fund balances at end of year	<u>\$ 473,066</u>	<u>\$ 67,475</u>	<u>\$ 17,158,695</u>	<u>\$ (17,091,220)</u>

City of Jackson
Parks and Recreation Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
General property taxes	\$ 2,122,732	\$ 2,122,732	\$ 2,100,452	\$ (22,280)
Intergovernmental	185,740	185,740	164,806	(20,934)
Admissions, fees, rentals and concessions	438,800	438,800	472,067	33,267
Interest	5,000	5,000	8,372	3,372
Other	330,100	666,283	26,575	(639,708)
Total revenues	<u>3,082,372</u>	<u>3,418,555</u>	<u>2,772,272</u>	<u>(646,283)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,146,433	4,033,906	3,851,521	182,385
Supplies	731,845	947,005	758,810	188,195
Other Services and Charges	1,018,954	1,173,981	1,017,284	156,697
Capital Outlay	248,140	292,839	283,139	9,700
Total expenditures	<u>6,145,372</u>	<u>6,447,731</u>	<u>5,910,754</u>	<u>536,977</u>
Excess (deficiency) of revenues over expenditures	<u>(3,063,000)</u>	<u>(3,029,176)</u>	<u>(3,138,482)</u>	<u>109,306</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
General Fund	3,063,000	3,100,000	3,063,000	37,000
Total other financing sources (uses)	<u>3,063,000</u>	<u>3,100,000</u>	<u>3,063,000</u>	<u>37,000</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	70,824	(75,482)	146,306
Fund balances at beginning of year	<u>701,120</u>	<u>701,120</u>	<u>701,120</u>	<u>-</u>
Fund balances at end of year	<u>\$ 701,120</u>	<u>\$ 771,944</u>	<u>\$ 625,638</u>	<u>\$ 146,306</u>

City of Jackson
Federal Grants Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 25,448,105	\$ 25,015,028	\$ 10,688,548	\$ (14,326,480)
Interest	2,376	2,376	15,672	13,296
Other	<u>160,303</u>	<u>160,303</u>	<u>409,038</u>	<u>248,735</u>
Total revenues	<u>25,610,784</u>	<u>25,177,707</u>	<u>11,113,258</u>	<u>(14,064,449)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	4,108,351	4,914,455	3,525,264	1,389,191
Supplies	940,500	1,013,661	736,380	277,281
Other Services and Charges	21,078,362	18,731,916	6,218,866	12,513,050
Capital Outlay	<u>905,274</u>	<u>2,214,164</u>	<u>675,718</u>	<u>1,538,446</u>
Total expenditures	<u>27,032,487</u>	<u>26,874,196</u>	<u>11,156,228</u>	<u>15,717,968</u>
Excess (deficiency) of revenues over expenditures	<u>(1,421,703)</u>	<u>(1,696,489)</u>	<u>(42,970)</u>	<u>(1,653,519)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
General Fund	1,172,540	981,252	890,075	(91,177)
Operating Transfers (Out):				
General Fund	<u>(204,354)</u>	<u>(226,790)</u>	<u>(1,599,245)</u>	<u>1,372,455</u>
Total other financing sources (uses)	<u>968,186</u>	<u>754,462</u>	<u>(709,170)</u>	<u>1,463,632</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	<u>(453,517)</u>	<u>(942,027)</u>	<u>(752,140)</u>	<u>(189,887)</u>
Fund balances at beginning of year	<u>852,638</u>	<u>852,638</u>	<u>852,638</u>	<u>-</u>
Fund balances at end of year	<u>\$ 399,121</u>	<u>\$ (89,389)</u>	<u>\$ 100,498</u>	<u>\$ (189,887)</u>

City of Jackson
State Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
Intergovernmental	\$ 219,177	\$ 908,546	\$ 311,388	\$ (597,158)
Interest	100	-	97	97
Other	-	-	72,000	72,000
Total revenues	<u>219,277</u>	<u>908,546</u>	<u>383,485</u>	<u>(525,061)</u>
EXPENDITURES				
Current Operations:				
Personnel Services	94,456	130,511	126,655	3,856
Supplies	19,000	54,189	10,531	43,658
Other Services and Charges	103,321	220,098	110,062	110,036
Capital Outlay	<u>2,500</u>	<u>531,520</u>	<u>86,259</u>	<u>445,261</u>
Total expenditures	<u>219,277</u>	<u>936,318</u>	<u>333,507</u>	<u>602,811</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>(27,772)</u>	<u>49,978</u>	<u>(77,750)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
General Fund	-	27,772	15,043	(12,729)
Operating Transfers (Out):				
General Fund	<u>-</u>	<u>-</u>	<u>(70)</u>	<u>(70)</u>
Total other financing sources (uses)	<u>-</u>	<u>27,772</u>	<u>14,973</u>	<u>(12,799)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	-	-	64,951	(64,951)
Fund balances at beginning of year	<u>33,034</u>	<u>33,034</u>	<u>33,034</u>	<u>-</u>
Fund balances at end of year	<u>\$ 33,034</u>	<u>\$ 33,034</u>	<u>\$ 97,985</u>	<u>\$ (64,951)</u>

City of Jackson
Disability and Relief Grant Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
General property taxes	\$ 5,261,491	\$ 5,261,491	\$ 5,360,399	\$ 98,908
Intergovernmental	317,200	317,200	168,124	(149,076)
Admissions, fees, rentals and concessions	2,000	2,000	901	(1,099)
Interest	60,000	60,000	22,406	(37,594)
Other	<u>90,000</u>	<u>90,000</u>	<u>77,446</u>	<u>(12,554)</u>
Total revenues	<u>5,730,691</u>	<u>5,730,691</u>	<u>5,629,276</u>	<u>(101,415)</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	1,699,504	1,699,504	186,087	1,513,417
Debt Service:				
Principal	4,155,000	4,155,000	4,155,000	-
Interest and service charges	<u>2,056,510</u>	<u>2,056,510</u>	<u>2,055,416</u>	<u>1,094</u>
Total expenditures	<u>7,911,014</u>	<u>7,911,014</u>	<u>6,396,503</u>	<u>1,514,511</u>
Excess (deficiency) of revenues over expenditures	<u>(2,180,323)</u>	<u>(2,180,323)</u>	<u>(767,227)</u>	<u>(1,413,096)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in:				
Operating Transfers (Out):				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(2,180,323)	(2,180,323)	(767,227)	(1,413,096)
Fund balances at beginning of year	<u>1,810,349</u>	<u>1,810,349</u>	<u>1,810,349</u>	<u>-</u>
Fund balances at end of year	<u>\$ (369,974)</u>	<u>\$ (369,974)</u>	<u>\$ 1,043,122</u>	<u>\$ (1,413,096)</u>

City of Jackson
Industrial Park Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
Interest	\$ -	\$ -	\$ 5,907	\$ 5,907
Total revenues	-	-	5,907	5,907
EXPENDITURES				
Current Operations:				
Supplies	77,500	77,500	-	77,500
Other Services and Charges	230,000	230,000	103,120	126,880
Total expenditures	307,500	307,500	103,120	204,380
Deficiency of revenues over (under) expenditures	307,500	307,500	(97,213)	210,287
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfers out:				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(307,500)	(307,500)	(97,213)	210,287
Fund balances at beginning of year	224,745	224,745	224,745	-
Fund balances at end of year	<u>\$ (82,755)</u>	<u>\$ (82,755)</u>	<u>\$ 127,532</u>	<u>\$ 210,287</u>

City of Jackson
1994 GO Bond Capital Improvement Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actuals</u>	<u>Variance</u>
REVENUES				
Interest	\$ 20,000	\$ 5,000	\$ 21,415	\$ 16,415
Total revenues	<u>20,000</u>	<u>5,000</u>	<u>21,415</u>	<u>16,415</u>
EXPENDITURES				
Current Operations:				
Other Services and Charges	<u>1,064,000</u>	<u>995,000</u>	<u>236,704</u>	<u>758,296</u>
Total expenditures	<u>1,064,000</u>	<u>995,000</u>	<u>236,704</u>	<u>758,296</u>
Deficiency of revenues over (under) expenditures	<u>(1,044,000)</u>	<u>(990,000)</u>	<u>(215,289)</u>	<u>774,711</u>
OTHER FINANCING SOURCES (USES)				
Transfers in:				
Transfers out:				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(1,044,000)</u>	<u>(990,000)</u>	<u>(215,289)</u>	<u>774,711</u>
Fund balances at beginning of year	<u>992,270</u>	<u>992,270</u>	<u>992,270</u>	<u>-</u>
Fund balances at end of year	<u>\$ 51,730</u>	<u>\$ 2,270</u>	<u>\$ 776,981</u>	<u>\$ 774,711</u>

City of Jackson
1988 Construction Bond Capital Project Funds
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual
For the year ended September 30, 2004
(Amounts Expressed in Thousands)

	Original Budgeted Amounts	Final Budgeted Amounts	Actuals	Variance
REVENUES				
Interest	\$ 30,000	\$ 30,000	\$ 31,085	\$ 1,085
Total revenues	30,000	30,000	31,085	1,085
EXPENDITURES				
Current Operations:				
Other Services and Charges	3,543,000	2,544,731	2,008,973	535,758
Total expenditures	3,543,000	2,544,731	2,008,973	535,758
Deficiency of revenues over (under) expenditures	(3,513,000)	(2,514,731)	(1,977,888)	536,843
OTHER FINANCING SOURCES (USES)				
Transfers out:				
General Fund	-	(1,000,000)	(1,000,000)	-
Total other financing sources (uses)	-	(1,000,000)	(1,000,000)	-
Net change in fund balances	(3,513,000)	(3,514,731)	(2,977,888)	536,843
Fund balances at beginning of year	3,524,010	3,524,010	3,524,010	-
Fund balances at end of year	\$ 11,010	\$ 9,279	\$ 546,122	\$ 536,843

**NON-MAJOR
ENTERPRISE FUNDS**

Nonmajor Enterprise

Madison Sewage Disposal System Fund

To account for costs of construction, operation and maintenance of the East Madison County Sewage Disposal System. The City of Ridgeland, Mississippi, will be responsible for the service contracts with other entities within Madison County participating in the system.

Transportation Fund

To account for the operational costs of the City's transit system. Deficiencies in revenues over expenses are financed by the City.

Sanitation and Recycling Fund

To account for the operational costs of the City's sanitation and recycling service. Deficiencies in revenues over expenses are financed by the City.

City of Jackson
Statement of Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2004

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Sanitation</u>	<u>Totals</u>
ASSETS				
Current Assets:				
Cash and Cash Equivalent	\$ 1,086,673	\$ 112,899	\$ 235,485	\$ 1,435,057
Accounts receivable, less allowances for Sanitation and Recycling Fund	-	-	1,683,653	1,683,653
Intergovernmental Receivable	-	669,057	-	669,057
Other Receivable	-	-	32,829	32,829
Investments	-	699,860	-	699,860
Total Current Asset	<u>1,086,673</u>	<u>1,481,816</u>	<u>1,951,967</u>	<u>4,520,456</u>
Property, Plant and Equipment, at Cost				
Land	-	450,000	-	450,000
Buildings	-	1,681,851	51,560	1,733,411
Water plant, distribution system and equipment	453,844	410,690	-	864,534
Automotive and other equipment	-	9,681,755	1,626,758	11,308,513
	453,844	12,224,296	1,678,318	14,356,458
Less: accumulated depreciation	<u>(131,590)</u>	<u>(8,225,419)</u>	<u>(971,163)</u>	<u>(9,328,172)</u>
	322,254	3,998,877	707,155	5,028,286
Construction in progress	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>13,800</u>
Net property, plant and equipment	<u>336,054</u>	<u>3,998,877</u>	<u>707,155</u>	<u>5,042,086</u>
Total Assets	<u><u>\$ 1,422,727</u></u>	<u><u>\$ 5,480,693</u></u>	<u><u>\$ 2,659,122</u></u>	<u><u>\$ 9,562,542</u></u>

City of Jackson
Statement of Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2004

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Sanitation</u>	<u>Totals</u>
LIABILITIES				
Current Liabilities:				
Accounts Payable	\$ 11,523	\$ 257,489	\$ 768,475	\$ 1,037,487
Due to other funds	-	2,133,417	1,347,840	3,481,257
Other	-	2,684	(3,243)	(559)
Current portion of long term debt:				
Lease Obligations	-	215,448	236,388	451,836
Total current liabilities	<u>11,523</u>	<u>2,609,038</u>	<u>2,349,460</u>	<u>4,970,021</u>
Current Liabilities Payable from Restricted Assets:				
Current portion of revenue bonds	-	-	-	-
Total current liabilities payable from restricted assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long Term Debt (less amounts classified as current liabilities):				
Lease obligation	-	463,907	219,664	683,571
Total long-term debt	-	463,907	219,664	683,571
Total liabilities	<u>11,523</u>	<u>3,072,945</u>	<u>2,569,124</u>	<u>5,653,592</u>
NET ASSETS				
Invested in Capital Assets, net of related debt	336,054	3,319,522	251,103	3,906,679
Unrestricted	<u>1,075,149</u>	<u>(911,774)</u>	<u>(161,104)</u>	<u>2,271</u>
Total Net Assets	<u>1,411,202</u>	<u>2,407,749</u>	<u>90,000</u>	<u>3,908,950</u>
Total liabilities and net assets	<u><u>\$ 1,422,727</u></u>	<u><u>\$ 5,480,693</u></u>	<u><u>\$ 2,659,122</u></u>	<u><u>\$ 9,562,542</u></u>

City of Jackson
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds - Nonmajor Funds
For the Year Ended September 30, 2004

	<u>Madison Sewage</u>	<u>Transportation</u>	<u>Sanitation</u>	<u>Totals</u>
Operating Revenues:				
Sales to Customers	\$ 1,013,154	\$ 474,531	\$ 9,030,825	\$ 10,518,510
Other Revenue	-	1,608,346	122,654	1,731,000
Total Operating revenues	<u>1,013,154</u>	<u>2,082,877</u>	<u>9,153,479</u>	<u>12,249,510</u>
Operating Expenses:				
Personnel Services	34,988	208,662	724,571	968,221
Supplies	-	418,535	119,452	537,987
Other services and charges	1,019,639	4,505,093	8,115,972	13,640,704
Depreciation	<u>8,929</u>	<u>985,098</u>	<u>244,640</u>	<u>1,238,667</u>
Total operating expenses	<u>1,063,556</u>	<u>6,117,388</u>	<u>9,204,635</u>	<u>16,385,579</u>
Operating Income (loss)	<u>(50,402)</u>	<u>(4,034,511)</u>	<u>(51,156)</u>	<u>(4,136,069)</u>
Nonoperating Revenues (Expenses):				
Interest revenue	13,141	4,518	3,891	21,550
Interest and service charges on long term debt				
Gain (loss) on sale of fixed assets	<u>-</u>	<u>125</u>	<u>-</u>	<u>125</u>
Total nonoperating revenues (expenses)	<u>13,141</u>	<u>4,643</u>	<u>3,891</u>	<u>21,675</u>
Income (loss) before operating transfers	<u>(37,261)</u>	<u>(4,029,868)</u>	<u>(47,265)</u>	<u>(4,114,394)</u>
Operating Transfers In:				
General Fund	<u>-</u>	<u>3,513,000</u>	<u>-</u>	<u>3,513,000</u>
Total operating transfers in (out)	<u>-</u>	<u>3,513,000</u>	<u>-</u>	<u>3,513,000</u>
Change in Net Assets	<u>(37,261)</u>	<u>(516,868)</u>	<u>(47,265)</u>	<u>(601,394)</u>
Total net assets - beginning	<u>1,448,463</u>	<u>2,924,617</u>	<u>137,265</u>	<u>4,510,345</u>
Total net assets - ending	<u><u>\$ 1,411,202</u></u>	<u><u>\$ 2,407,749</u></u>	<u><u>\$ 90,000</u></u>	<u><u>\$ 3,908,951</u></u>

City of Jackson
Statement of Cash Flows
Proprietary Funds - Nonmajor Funds
For the year ended September 30, 2004

	Madison			
	Sewage	Transportation	Sanitation	Totals
Cash flows from Operating Activities				
Receipts from customers and users	\$ 1,013,154	\$ 474,531	\$ 8,433,455	\$ 9,921,140
Receipts from Interfund Services Provided	198,174	-	-	198,174
Receipts from other revenue	-	1,487,667	89,884	1,577,551
Payments to Suppliers	(1,015,450)	(4,935,713)	(8,185,283)	(14,136,446)
Payments to employees	(34,988)	(208,662)	(724,571)	(968,221)
Net Cash Provided by (used for)				
Operating activities	160,891	(3,182,177)	(386,515)	(3,407,802)
Cash Flows from Noncapital Financing Activities				
Transfers In	-	3,513,000	-	3,513,000
Net Cash Provided by (Used for) Noncapital financing activities)	-	3,513,000	-	3,513,000
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	-	(527,592)	(386,368)	(913,960)
Proceeds from sales of capital assets	-	125	-	125
Proceeds from capital leases	-	57,659	289,580	347,239
Principal paid on capital debt	-	(194,246)	(139,065)	(333,311)
Net cash used for capital and related financing activities	-	(664,054)	(235,853)	(899,907)
Cash flow provided by (used for) investing activities:				
Purchase of investment securities	-	(699,860)	-	(699,860)
Proceeds from sale and maturities of investment securities	-	-	399,860	399,860
Interest on investments	13,141	4,518	3,891	21,550
Net cash provided by investing activities	13,141	(695,342)	403,751	(278,450)
Net increase (decrease) in cash and cash equivalents	174,031	(1,028,573)	(218,617)	(1,073,159)
Cash and cash equivalents at beginning of year	912,640	1,141,473	454,103	2,508,216
Cash and cash equivalents at end of year	\$ 1,086,673	\$ 112,899	\$ 235,485	\$ 1,435,057
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ (50,401)	\$ (4,034,512)	\$ (51,157)	\$ (4,136,069)
Depreciation expense	8,929	985,098	244,640	1,238,666
(Increase) decrease in accounts receivable, net	-	-	(597,370)	(597,370)
(Increase) decrease in other receivable	-	(123,363)	(32,769)	(156,132)
(Increase) decrease in accrued interest				
(Increase) decrease in due from other funds	198,174	-	-	198,174
Increase (decrease) in due to other funds	-	-	-	-
Increase (decrease) in accounts payable	4,189	(12,084)	50,141	42,246
Increase (decrease) in accrued interest payable				
Increase (decrease) in other liabilities	-	2,684	-	2,683
Total adjustments	211,292	852,335	(335,358)	728,267
Net cash provided by operating activities	\$ 160,891	\$ (3,182,177)	\$ (386,515)	\$ (3,407,802)
Noncash investing, capital, and financing activities:				
Borrowing under capital lease	87	57,658	289,580	347,238

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CAPITAL ASSETS

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULES BY SOURCE (1)
September 30, 2004 AND 2003

	<u>2004</u>	<u>2003</u>
Governmental funds capital assets:		
Land	\$ 14,939,873	\$ 14,885,743
Buildings	32,312,055	6,235,873
Automotive and equipment:	55,200,189	60,082,772
Infrastructure	196,431,832	75,650,110
Construction in progress	<u>64,883,764</u>	<u>52,121,547</u>
Total governmental funds capital assets	<u>\$ 363,767,713</u>	<u>\$ 208,976,045</u>
 Investment in governmental funds capital assets by source:		
Assets prior to 1985 not segregated by sources	\$ 14,002,713	\$ 14,002,713
General Fund revenues	58,972,814	56,230,030
Special Revenue Fund revenues	61,497,552	61,497,552
Special Assessment bonds	1,962,957	1,962,957
General Obligation bonds	188,973,938	38,057,896
Limited Obligation bonds	2,252,694	2,252,694
Debt Service Fund revenues	65,000	65,000
Federal grants	35,556,838	34,423,996
State grants	52,261	52,261
County grants	<u>430,946</u>	<u>430,946</u>
Total governmental funds capital assets	<u>\$ 363,767,713</u>	<u>\$ 208,976,045</u>

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (1)
SEPTEMBER 30, 2004

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Assets prior to 1985 not segregated by function and activity	\$ 10,957,843	\$ -	\$ -	\$ 3,044,869	\$ -	\$ 14,002,712
General Government:						
Planning	998,604	9,639	31,689	260,698	953,731	2,254,361
Code Services	-	-	-	691,491	-	691,491
Telecommunication	-	4,461,190	8,943	99,440	1,391	4,570,964
Data Processing / Information System	-	-	-	5,639,460	76,750	5,716,210
Vehicle Pool Fund	-	-	-	58,619	-	58,619
Mayor's Office of Development Assistance	100,000	-	-	104,679	-	204,679
Office Services	-	-	-	144,666	-	144,666
Purchasing	-	-	-	49,702	-	49,702
Finance and Management	-	2,273,443	133,238	253,308	1,411,645	4,071,634
Personnel	-	-	-	204,264	-	204,264
Municipal Court Services	-	-	-	357,642	-	357,642
Vehicle Maintenance	-	5,816	-	628,534	-	634,351
Minority Business Development	-	-	-	27,598	-	27,598
Total general government	1,098,604	6,750,088	173,870	8,520,101	2,443,517	18,986,180
Urban Development and Housing:						
Neighborhood Enhancement Task	-	-	-	11,125	-	11,125
Redevelopment Projects	87,578	-	-	69,874	-	157,452
Post Office Project	500	-	-	-	-	500
Union Station	-	1,132,842	243,000	-	11,626,130	13,001,972
Total urban development and housing	88,078	1,132,842	243,000	80,999	11,626,130	13,171,049
Health and Welfare:						
Public Relations/Information	-	-	-	14,829	-	14,829
Senior Services	-	235,854	-	481,397	-	717,251
Day Care Services	-	281,849	16,109	168,759	-	466,717
Senior Centers/Community Centers	-	132,370	-	16,389	-	148,759
Group Home	46,245	-	-	-	-	46,245
Human and Cultural Services	-	15,645	1,876	61,211	-	78,732
Total health and welfare	46,245	665,718	17,985	742,585	-	1,472,533

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2004

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Public Safety:						
Fire Department	75,000	5,169,658	3,550,734	11,799,614	(1,505,956)	19,089,050
Police Department	23,250	1,864,086	856,190	19,021,872	951,715	22,717,112
Small Animal Control	-	42,689	-	17,746	230,092	290,527
Juvenile Justice	-	243,106	4,502,506	14,357	868,283	5,628,252
Emergency Management	-	-	-	17,914	-	17,914
Communication Center	-	1,292,879	-	300,903	-	1,593,782
Public Safety Garage	-	-	-	29,060	-	29,060
Total public safety	98,250	8,612,418	8,909,430	31,201,466	544,134	49,365,697
Public Works:						
Cemeteries	-	8,430	-	143,321	-	151,751
Engineering	585,273	736,489	500,000	4,283,175	31,018	6,135,955
Traffic Engineering	-	17,215	25,875	2,177,186	2,225,842	4,446,118
Traffic Signals	-	-	250,000	337,813	-	587,813
Care and Maintenance of Public Buildings	-	302,166	437,530	168,905	4,352,183	5,260,784
Custodial Services	-	-	-	127,376	-	127,376
Public Works Deputy Dir/Adm	-	-	-	8,041	-	8,041
Pest Control	-	-	-	1,426	-	1,426
Central Supply	-	-	-	(65)	-	(65)
Streets	354,278	-	102,810,600	248,966	34,974,113	138,387,957
Storm Drainage	-	-	77,740,187	194,308	85,765	78,020,260
Bridges	-	-	-	-	-	-
Soil Conservation	-	-	120,000	-	-	120,000
Recycling	-	-	-	-	-	-
Total public works	939,551	1,064,300	181,884,192	7,690,452	41,668,921	233,247,416
Culture and Recreation:						
Planetarium	-	827,314	-	493,921	34,963	1,356,198
Jackson Zoological Park	-	-	-	465,125	1,500,000	1,965,125
Municipal Art Building	-	5,758	29,049	5,365	-	40,172
Parks and Recreation	225,820	5,249,966	4,477,438	1,894,467	2,070,920	13,918,612
Teen Center	-	-	-	5,293	-	5,293
Library	-	3,675,661	-	156,099	1,294,421	5,126,181
Smith Robertson Cultural Center	-	615,790	185,738	4,245	259,947	1,065,720
City Auditorium and Art Center	-	3,457,562	511,131	61,405	555,555	4,585,653
Total culture and recreation	225,820	13,832,052	5,203,356	3,085,920	5,715,806	28,062,954

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY (CONTINUED)
SEPTEMBER 30, 2004

	Land	Buildings	Infrastructure	Automotive and Equipment	Construction In Progress	Total
Miscellaneous:						
City Council/Mayor	-	237,349	-	372,916	2,885,253	3,495,520
City Clerk	-	-	-	175,329	-	175,329
Legal	-	17,287	-	227,881	-	245,168
Mayor's Action Line	-	-	-	39,630	-	39,630
Industrial Park	1,485,483	-	-	-	-	1,485,483
Internal Audit	-	-	-	18,043	-	18,043
Total miscellaneous	1,485,483	254,636	-	833,799	2,885,253	5,459,171
Total governmental funds capital assets	\$ 14,939,874	\$ 32,312,054	\$ 196,431,833	\$ 55,200,191	\$ 64,883,761	\$ 363,767,713

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
4 SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY(1)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Governmental Funds Capital Assets October 1, 2003	Additions	Deductions	Governmental Funds Capital Assets September 30, 2004
General Government:				
Planning	\$ 176,464	\$ 1,019,383	\$ 98,693	\$ 1,097,154
Code Services	562,511	109	-	562,620
Information Systems	695,662	725	-	696,387
Transportation	9,757,613	-	-	9,757,613
Data Processing	168,250	1,039,702	-	1,207,952
Telecommunications	-	4,477,973	-	4,477,973
Purchasing	46,895	-	-	46,895
Finance and Management	3,852,165	3,818,326	-	7,670,491
Personnel	113,371	-	-	113,371
Municipal Court Services	138,392	404	-	138,796
Vehicle Maintenance	564,003	72,301	-	636,304
Total general government	16,075,326	10,428,923	98,693	26,405,556
Urban Development and Housing:				
Redevelopment Projects	253,848	17,269	-	271,117
Union Station	11,993,942	1,132,842	-	13,126,784
Total urban development and housing	12,247,790	1,150,111	-	13,397,901
Health and Welfare:				
Senior Services	801,926	328	-	802,254
Day Care Services	585,307	548,154	-	1,133,461
Senior Centers/Community Centers	479,358	132,370	-	611,728
Human and Cultural Services	1,133,005	18,747	4,050	1,147,702
Total health and welfare	2,999,596	699,599	4,050	3,695,145

(Continued)

(1) This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Governmental Funds Capital Assets October 1, 2003	Additions	Deductions	Governmental Funds Capital Assets September 30, 2004
Public Safety:				
Fire Department	16,729,273	8,673,433	67	25,402,639
Police Department	24,490,426	5,455,078	19,200	29,926,304
Small Animal Control	57,207	272,781	-	329,988
Juvenile Justice	5,565,274	1,111,389	-	6,676,663
Communication Center	1,034,303	1,292,879	-	2,327,182
Public Safety Garage	230,776	-	-	230,776
Total public safety	48,107,259	16,805,560	19,267	64,893,552
Public Works:				
Cemeteries	131,157	8,430	-	139,587
Engineering	603,846	1,281,689	-	1,885,535
Traffic Engineering	2,694,007	2,318,473	1,800	5,010,680
Care and Maintenance of Public Buildings	3,267,546	5,093,601	3,308	8,357,839
Custodial Services	113,111	2,479	-	115,590
Pest Control	9,026	-	-	9,026
Central Supply	709,402	-	65	709,337
Streets	59,897,059	66,458,253	5,610	126,349,702
Storm Drainage	24,393,727	27,825,952	-	52,219,679
Soil Conservation	250,734	-	-	250,734
Total public works	92,069,615	102,988,877	10,783	195,047,709
Culture and Recreation:				
Planetarium	2,367,894	884,822	-	3,252,716
Jackson Zoological Park	1,550,268	1,500,000	-	3,050,268
Municipal Art Building	27,792	6,697	-	34,489
Parks and Recreation	14,818,907	7,466,062	5,474	22,279,495
Library	4,247,769	4,970,082	-	9,217,851
Smith Robertson Cultural Center	984,600	875,737	-	1,860,337
City Auditorium and Art Center	4,736,850	4,013,266	-	8,750,116
Total culture and recreation	28,734,080	19,716,666	5,474	48,445,272

CITY OF JACKSON
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES IN GENERAL FIXED ASSETS
BY FUNCTION AND ACTIVITY (CONTINUED)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	Governmental Funds Capital Assets October 1, 2003	Additions	Deductions	Governmental Funds Capital Assets September 30, 2004
Miscellaneous:				
City Council/Mayor	3,233,717	3,123,063	650	6,356,130
City Clerk	54,547	-	-	54,547
Legal	113,910	17,786	-	131,696
Mayor's Action Line	12,442	-	-	12,442
Internal Audit	20,369	-	-	20,369
Telecommunications	5,307,394	-	-	5,307,394
Total miscellaneous	8,742,379	3,140,849	650	11,882,578
Total governmental funds capital asset	\$ 208,976,045	\$ 154,930,585	\$ 138,917	\$ 363,767,713

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CITY OF JACKSON
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
LAST TEN FISCAL YEARS (2)

Fiscal Year	General Government	Urban Development & Housing	Health & Welfare	Public Safety		Public Works	Culture & Recreation	Miscellaneous	Employee Benefits (3)	Capital Outlay	Debt Service		Total
2004	\$ 30,396,094	\$ -	\$ -	\$ 59,173,057	\$ 25,556,720	\$ 9,496,291	\$ 961,987	\$ 2,846,410	\$ 1,053,211	\$ 17,477,354	\$ 146,961,124		
2003	23,399,721	-	-	53,766,968	27,003,899	11,770,191	9,017,182	3,546,652	1,080,279	19,561,566	149,146,458		
2002	21,475,038	-	-	50,774,511	43,638,054	6,464,105	7,609,735	3,192,967	1,169,929	48,971,036	183,295,375		
2001	25,067,901	1,850,852	5,326,470	49,456,760	23,890,555	7,954,281	190,601	3,465,291	4,848,939	19,291,191	141,342,841		
2000	25,737,289	2,369,181	6,744,414	48,901,905	26,822,566	4,962,920	242,669	7,538,572	10,725,706	13,433,140	147,478,362		
1999	22,771,833	1,376,083	5,337,698	49,285,480	20,772,587	4,892,113	281,493	2,592,982	2,212,210	19,376,830	128,899,309		
1998	22,583,048	1,937,937	5,567,597	43,437,807	16,998,613	4,321,324	227,898	1,171,832	2,748,902	65,853,557	164,848,515		
1997	21,417,061	4,505,045	4,928,514	39,421,429	18,420,879	3,731,064	262,650	8,582,534	5,471,474	11,354,656	118,095,306		
1996	18,714,787	2,527,168	5,186,102	38,868,913	20,434,662	3,412,584	888,859	9,658,652	3,166,958	11,847,655	114,706,340		
1995	18,794,428	2,047,146	5,467,468	40,337,551	15,750,097	3,377,969	1,686,954	8,062,113	6,735,936	12,163,638	114,423,300		

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.
(Governmental Fund Types Only).

(2) Expenditures from prior years have been reclassified to compare with current year classification.

(3) Employee Benefits include expenditures from the Workers' Compensation Payment Fund and the Disability and Relief Fund, classified as Special Revenue Funds. Prior to 1988, the Disability and Relief Fund was classified as a Pension Trust Fund.

CITY OF JACKSON
GENERAL GOVERNMENT REVENUES BY SOURCE (1)
LAST TEN FISCAL YEARS (2)

Fiscal Year	General Property	Licenses & Permits	Fines & Forfeitures	Inter-Governmental Revenue	Admissions, Fees Rentals & Concessions	Interest Earned on Investments	Other Revenue	Total
2004	\$ 59,978,933	\$ 2,672,486	\$ 3,123,296	\$ 55,620,219	\$ 3,155,370	\$ 963,697	\$ 13,647,305	\$ 139,161,306
2003	60,411,783	2,353,168	3,006,807	62,596,202	2,856,836	904,393	15,084,583	147,213,772
2002	56,653,946	2,543,913	3,324,854	66,481,432	2,814,377	1,451,578	13,938,482	147,208,582
2001	54,782,465	2,563,850	3,683,957	53,733,715	2,457,243	3,800,441	12,315,833	133,337,504
2000	54,823,893	2,712,115	3,849,148	56,809,199	1,736,892	4,002,924	11,541,785	135,475,956
1999	52,640,954	2,801,925	3,772,657	51,277,343	1,826,321	3,821,070	9,052,355	125,192,625
1998	50,496,884	2,680,895	4,044,585	51,155,488	1,520,209	2,709,502	62,159,108	174,766,671
1997	48,477,630	2,789,575	3,916,947	51,408,412	1,556,892	2,251,074	9,517,570	119,918,100
1996	46,014,000	2,544,645	2,919,319	48,525,544	1,183,105	2,043,999	9,165,180	112,395,792
1995	43,820,485	1,398,919	2,085,355	46,542,930	991,356	2,136,278	10,176,630	107,151,953

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds.
(Governmental Fund Types Only).

(2) 1988 through 1996 totals include the Disability and Relief Fund classified as a Special Revenue Fund. In prior years, this Fund had been classified as a Pension Trust Fund.

CITY OF JACKSON
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS (2)

Fiscal Year	Total Tax Levy (1)	Current Tax Collections (3)	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Total Collection As Percent of Current Levy	Outstanding Delinquent Taxes (2)	Outstanding Delinquent Taxes as Percent of Current Levy
2004	\$ 51,710,092	\$ 50,606,285	97.9%	\$ 300,883	\$ 50,907,168	98.45%	\$ 1,103,807	2.1%
2003	55,844,993	53,807,422	96.4%	444,961	54,252,383	97.15%	2,037,571	3.6%
2002	53,295,207	50,401,101	94.6%	249,759	50,650,860	95.04%	2,894,106	5.4%
2001	49,077,803	47,660,617	97.1%	747,605	48,408,222	98.64%	1,417,186	2.9%
2000	48,398,833	47,334,509	97.8%	1,344,812	48,679,321	100.58%	1,064,324	2.2%
1999	48,585,261	46,765,098	96.3%	16,459	46,781,557	96.29%	1,820,163	3.7%
1998	48,128,105	45,907,976	95.4%	193,287	46,101,263	95.79%	2,220,129	4.6%
1997	44,071,832	42,963,643	97.5%	340,374	43,304,017	98.26%	1,108,189	2.5%
1996	41,751,971	41,303,604	98.9%	233,500	41,537,104	99.49%	448,367	1.1%
1995	41,365,055	39,835,055	96.3%	1,200,142	41,035,197	99.20%	1,530,000	3.7%

(1) The total tax levy does not include automobile ad valorem taxes.

(2) Represents delinquent taxes due at the end of the year on taxes levied for that year.

(3) Beginning in Fiscal Year 1988, the majority of school taxes collected were remitted directly to the Jackson Municipal Separate School District by Hinds County, the collecting agency.

CITY OF JACKSON
ASSESSED AND ESTIMATED ACTUAL VALUE OF PROPERTY
LAST TEN FISCAL YEARS (2)

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed to Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	Assessed Value (2)	Estimated Actual Value	
2004	\$ 647,107,272	\$ 5,064,263,293	\$ 449,595,540	\$ 2,056,352,200	\$ 1,096,702,812	\$ 7,120,615,493	10%, 15%, and 30%
2003	645,275,896	5,058,517,697	450,036,558	2,047,883,870	1,095,312,454	7,106,401,567	10%, 15%, and 30%
2002	648,515,478	5,082,209,647	457,215,511	2,072,729,643	1,105,730,989	7,154,939,290	10%, 15%, and 30%
2001	572,009,657	4,514,020,527	456,399,511	2,158,493,493	1,028,409,168	6,672,514,020	10%, 15%, and 30%
2000	559,692,098	4,407,089,183	468,776,459	2,194,620,657	1,028,468,557	6,601,709,840	10%, 15%, and 30%
1999	559,638,299	4,419,016,266	456,316,595	2,063,278,520	1,015,954,894	6,482,294,786	10%, 15%, and 30%
1998	553,577,543	4,361,772,160	447,772,600	1,969,326,240	1,001,350,143	6,331,098,400	10%, 15%, and 30%
1997	545,994,027	4,382,770,260	425,602,308	1,966,756,077	971,596,335	6,349,526,337	10%, 15%, and 30%
1996	536,424,860	4,309,676,843	397,541,216	1,879,942,543	933,966,076	6,189,619,386	10%, 15%, and 30%
1995	536,381,981	4,232,077,523	373,360,070	1,637,723,903	909,742,051	5,869,801,426	10%, 15%, and 30%

(1) Ad valorem tax property assessments within the City and the Jackson Municipal Separate School District are fixed at ten percent (10%) of appraised value for homeowner occupied real property, and fifteen percent (15%) of appraised value for all other real and personal property for Fiscal Years 1987-1996. State law required a reappraisal of all property in Mississippi in order to obtain an equitable and uniform appraisal in proportion to current market value, and property was assessed at fifteen percent (15%) beginning in Fiscal Year 1985. The assessed value for motor vehicles and for property owned by public service corporations is determined by an assessment schedule prepared each year by the State of Mississippi Tax Commission, and is set at approximately thirty percent (30%) of appraised value for Fiscal Year 1989 and thereafter.

(2) Includes automotive valuation.

SOURCE: Hinds, Rankin and Madison County Tax Collectors

**CITY OF JACKSON
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS**

City of Jackson									
Fiscal Year	General Fund	Special Revenue Parks & Improve- ment Fund	Debt Service Fund	Special Revenue Pension Fund	Total	Jackson Hinds Library System	Jackson Municipal Separate School District	Hinds County	Total
2004	38.17	2.00	9.52	5.06	54.75	1.28	75.70	37.54	169.27
2003	38.17	2.00	9.52	5.06	54.75	1.28	75.70	37.54	169.27
2002	37.17	2.00	10.22	5.06	54.45	1.28	76.00	37.41	169.14
2001	33.17	2.00	10.72	6.06	51.95	1.28	75.29	35.41	163.93
2000	33.17	2.00	10.72	6.06	51.95	1.28	74.29	35.41	162.93
1999	32.17	2.00	11.72	6.06	51.95	1.28	74.29	35.41	162.93
1998	31.92	2.00	11.72	6.06	51.70	1.28	74.54	34.81	162.33
1997	29.30	2.00	11.72	6.90	49.92	1.28	76.32	34.81	162.33
1996	28.82	2.00	11.72	7.38	49.92	1.28	76.32	33.09	160.61
1995	28.12	2.00	11.72	7.00	48.84	1.28	76.32	33.09	159.53

Table VI

**CITY OF JACKSON
PRINCIPAL TAXPAYERS
September 30, 2004**

<u>Name of Taxpayer</u>	<u>Nature of Business</u>	<u>2003 (1) Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Bell South Telephone Company	Telephone Service	\$ 75,397,768	8.35%
Entergy	Public Utility	46,216,541	5.12%
Central Mississippi Health Systems	Healthcare	13,700,511	1.52%
AT&T Communications of the South Central States, Inc.	Public Utility	11,064,358	1.23%
Mississippi Valley Gas Company	Public Utility	8,595,788	0.95%
Parkway Properties, Inc	Real Estate	7,777,687	0.86%
Wal Mart/Sam Wholesale Club	Retail	5,469,054	0.61%
Trustmark National Bank	Banking	5,213,728	0.58%
Plaza Investments	Real Estate	4,281,043	0.47%
Home Depot	Retail	3,993,339	0.44%
		<hr/>	<hr/>
Total taxable assessed value of 10 largest taxpayers		181,709,817	20.12%
Total taxable assessed value of other taxpayers		<hr/> 721,489,987	<hr/> 79.88%
Total taxable assessed value of all taxpayers		\$ <hr/> 903,199,804	<hr/> 100.00%

(1) 2003 assessed values shown above are collected in Fiscal Year 2003-04.
The assessed value does not include automotive valuations.

TABLE VII

**CITY OF JACKSON
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Current Assessments Due</u>	<u>Current Assessments Collected</u>	<u>Ratio of Collections to Amount Due (1)</u>	<u>Total Outstanding Assessments</u>
2004	\$ 33,792	\$ 25,911	77%	\$ 207,510
2003	35,289	37,515	106%	245,986
2002	160,132	154,004	96%	313,094
2001	174,200	169,927	98%	733,810
2000	145,702	141,221	97%	903,737
1999	163,827	129,549	79%	1,044,958
1998	126,081	167,174	133%	1,041,375
1997	89,619	132,357	148%	654,127
1996	84,760	139,019	164%	751,849
1995	81,500	135,915	167%	846,425

(1) Some Current Year Assessments are collected in advance.

**CITY OF JACKSON
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2004**

Authorized Debt Limit 15 Percent Rule

2003 Tax Roll Estimation	\$ 1,114,263,239		
Less Homestead Exemption	51,346,796		
Net 2002 Estimated Tax Roll	<u>1,062,916,443</u>	@ 15%	159,437,466

Less: Bonded Indebtedness \$217,760,000

Deduct: Authorized Exemptions

Water/Sewer Revenue Bonds	\$115,995,000	
Pension Bond-Special Obligation	27,365,000	
	<u>-</u>	<u>143,360,000</u>

Present Debt Subject to 15% Limit 74,400,000

Margin for Further Debt Under 15% Limit \$85,037,466

Section 21-33-303 of Mississippi Code of Ordinances 1972 Annotated - Limitation of indebtedness as amended April 8, 1985, March 30, 1987, October 1, 1989, March 1, 1992, and July 1, 1995.

No municipality shall hereafter issue bonds secured by a pledge of its full faith and credit for the purposes authorized by law in an amount which, when added to the then outstanding bonded indebtedness of such municipality, shall exceed either (a) fifteen percent (15%), until September 30, 1999, and ten percent (10%) thereafter of the assessed value of the taxable property within such municipality, according to the last completed assessment for taxation, or (b) ten percent (10%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. In computing such indebtedness, there may be deducted all bonds or other evidences of indebtedness, heretofore or hereafter issued, for school, water, sewage systems, gas, and light and power purposes, and for the construction of special improvements primarily chargeable to the property benefited, or for the purpose of paying the municipality's proportion of any betterment program, a portion of which is primarily chargeable to the property benefited. However, in no case shall any municipality contract any indebtedness which, when added to all of the outstanding general obligation indebtedness, both bonded and floating, shall exceed either (a) twenty percent (20%) until September 30, 1999, and fifteen percent (15%) thereafter of the assessed value of all taxable property within such municipality according to the last completed assessment for taxation or (b) fifteen percent (15%) of the assessment upon which taxes were levied for its fiscal year ending September 30, 1984, whichever is greater. Nothing herein contained shall be construed to apply to contract obligations in any form heretofore or hereafter incurred by any municipality which are subject to annual appropriations therefor or to bonds heretofore issued by any municipality for school purposes, or to contract obligations in any form heretofore or hereafter incurred by any municipality which are payable exclusively from the revenues of any municipality-owned utility, or to bonds issued by any municipality under the provisions of Sections 57-1-1 through 57-1-51, or to any special assessment improvement bonds issued by any municipality under the provisions of Sections 21-41-1 through 21-41-53.

**CITY OF JACKSON
COMPUTATION OF LEGAL DEBT MARGIN
SEPTEMBER 30, 2004**

Authorized Debt Limit 20 Percent Rule

	2003 Tax Roll Estimation	\$ 1,114,263,239		
	Less Homestead Exemption	<u>51,346,796</u>		
	Net 2002 Estimated Tax Roll	<u>1,062,916,443</u>	@ 20%	212,583,289
Less:	Bonded Indebtedness			
	(floating debt - \$16,370,830.70)		\$234,130,831	
Deduct:	Authorized Exemptions:			
	Water/Sewer Revenue Bonds	\$ 115,995,000		
	Pension Obligation Bonds	<u>27,365,000</u>	<u>143,360,000</u>	
Present Debt Subject to 20% Limit				<u>90,770,831</u>
Margin for Further Debt Under 20% Limit				<u><u>\$121,812,458</u></u>

TABLE IX

**CITY OF JACKSON
RATIO OF NET GENERAL OBLIGATION BONDED DEBT
TO ASSESSED VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Assessed Value (2)</u>	<u>Gross Bonded Debt (3)</u>	<u>Less Debt Service Fund</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2004	184,256	\$ 903,199,804	\$ 73,195,000	\$ 1,293,027	\$ 71,901,973	7.96%	390.23
2003	184,256	960,332,355	80,180,000	451,109	79,728,891	8.30%	432.71
2002	184,256	904,380,073	69,365,000	1,902,095	67,462,905	7.46%	366.14
2001	184,256	895,371,352	76,735,000	3,814,078	72,920,922	8.14%	395.76
2000	184,256	889,244,964	85,905,000	4,977,976	80,927,024	9.10%	439.21
1999	202,062	878,547,776	94,015,000	5,946,804	88,068,196	10.02%	435.85
1998	202,062	864,338,911	100,670,000	6,487,049	94,182,951	10.90%	466.11
1997	202,062	839,133,657	71,845,000	4,542,145	67,302,855	8.02%	333.08
1996	202,062	962,622,103	78,250,000	3,885,902	74,364,098	7.73%	368.03
1995	202,062	827,521,313	84,115,000	3,737,984	80,377,016	9.71%	397.78

(1) City of Jackson Planning Board and Chamber of Commerce.

(2) Assessed value does not include automotive valuations.

(3) Includes all general long-term debt, which is being repaid through general property taxes.

TABLE X

CITY OF JACKSON
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES
FOR GENERAL OBLIGATION BONDED DEBT
TO TOTAL GENERAL GOVERNMENT EXPENDITURES
LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Government Expenditures (1)</u>	<u>Ratio of Debt Service to Total General Government Expenditures</u>
2004	\$ 11,500,000	\$ 5,977,354	\$ 17,477,354	\$ 146,820,452	11.90%
2003	13,300,000	6,261,566	19,561,566	149,146,458	13.12%
2002	38,455,000	4,497,136	42,952,136	183,295,375	23.43%
2001	8,810,000	4,614,494	13,424,494	141,342,841	9.50%
2000	8,370,000	5,063,140	13,433,140	147,478,362	9.11%
1999	8,020,000	5,489,518	13,509,518	129,306,930	10.45%
1998	6,875,000	4,216,535	11,091,535	164,565,920	6.74%
1997	6,650,000	4,686,213	11,336,213	118,328,357	9.58%
1996	6,235,000	4,984,238	11,219,238	114,662,455	9.78%
1995	6,160,000	5,370,918	11,530,918	114,423,300	10.08%

(1) Includes General, Special Revenue, Debt Service and Capital Projects Funds. (Governmental Fund Types Only).

TABLE XI

CITY OF JACKSON
COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT
GENERAL OBLIGATION BONDS
SEPTEMBER 30, 2004

<u>Jurisdiction</u>	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage Applicable to City of Jackson</u>	<u>Amount Applicable to City of Jackson</u>
Direct:			
City of Jackson	\$73,195,000	100%	\$73,195,000
Overlapping:			
Jackson Municipal Separate School District	13,490,000	100%	13,490,000
Hinds County	24,510,000	76.57%	<u>18,767,307</u>
Total Direct Overlapping Debt			<u><u>\$105,452,307</u></u>

(1) Excluding General Obligation Bonds reported in the Enterprise Funds.

TABLE XII

**CITY OF JACKSON
REVENUE BOND COVERAGE
WATER/SEWAGE DISPOSAL SYSTEM REVENUE BONDS
LAST TEN FISCAL YEARS**

Fiscal Year	Gross Revenue (1)	Direct Operating Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2004	\$ 40,011,816	\$ 23,394,284	\$ 16,617,532	\$ 5,405,000	\$ 6,651,203	\$ 12,056,203	1.38
2003	44,387,423	21,903,335	22,484,088	6,555,000	6,587,014	13,142,014	1.71
2002	44,452,673	20,608,842	23,843,831	5,410,000	4,425,131	9,835,131	2.42
2001	33,523,929	21,411,474	12,112,455	5,175,000	4,680,166	9,855,166	1.23
2000	33,964,337	20,111,207	13,853,130	4,960,000	5,241,637	10,201,637	1.36
1999	35,801,882	19,201,499	16,600,383	4,030,000	3,135,315	7,165,315	2.32
1998	31,676,360	18,035,902	13,640,458	3,870,000	3,297,855	7,167,855	1.90
1997	32,292,552	17,926,982	14,365,570	3,720,000	3,446,656	7,166,656	2.00
1996	32,512,511	16,057,021	16,455,490	3,585,000	3,581,093	7,166,093	2.30
1995	32,434,813	17,014,909	15,419,904	3,465,000	3,702,367	7,167,367	2.15

(1) Total revenues exclusive of meter charges, including privilege license, service connections and interest not related to construction or meter charges.

(2) Total operating expenses exclusive of depreciation.

**CITY OF JACKSON
DEMOGRAPHIC STATISTICS
LAST TEN FISCAL YEARS**

TABLE XIII

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Per Capita Income (3)</u>	<u>Median Age (4)</u>	<u>Educational Level in Years of Formal Schooling (2)</u>	<u>Enrollment (2)</u>	<u>Unemployment Rate (3)</u>
2004	184,256	\$ 28,809	34.3	12.3	31,580	4.5%
2003	184,256	27,428	34.2	12.3	31,508	5.0%
2002	184,256	27,428	34.2	12.3	31,240	5.5%
2001	184,256	25,506	34.2	12.3	31,436	4.5%
2000	184,256	24,542	34.0	12.3	31,400	5.1%
1999	202,062	22,227	33.7	12.3	31,400	3.5%
1998	202,062	21,592	32.3	12.3	32,071	4.4%
1997	202,062	20,646	32.3	12.3	31,843	4.4%
1996	202,062	19,137	30.2	12.3	32,414	3.2%
1995	202,062	13,823	31.7	12.3	32,719	4.9%

- (1) Source - Chamber of Commerce.
- (2) Source - Program Evaluation - Jackson Public Schools.
- (3) Source - Mississippi Employment Security Commission.
- (4) Source - Mississippi - Census Bureau

CITY OF JACKSON
PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS
LAST TEN FISCAL YEARS

TABLE XVI

Fiscal Year	Commercial Construction (1)		Residential Construction (1)		Bank Deposits	Number of Banks Reporting	Property Value (2)	
	Number of Units	Value	Number of Units	Value			Commercial	Residential
2004	25	\$ 42,777,008	123	\$ 25,056,935	\$ 5,330,000,000	2	\$ 2,813,409,747	\$ 2,251,853,547
2003	17	12,225,224	123	24,947,137	5,000,000,000	1	2,788,099,327	2,270,418,370
2002	23	51,495,874	97	24,698,988	4,978,000,000	1	2,805,672,213	2,276,537,433
2001	34	49,210,590	122	18,019,616	4,212,549,481	1	2,482,111,227	2,031,909,300
2000	49	61,599,437	159	23,659,974	3,961,202,000	1	2,379,680,993	2,027,408,190
1999	40	48,589,168	235	49,482,875	8,952,412,062	2	2,408,792,427	2,010,223,840
1998	53	40,572,926	138	20,377,539	8,826,953,031	2	2,352,677,520	2,009,094,640
1997	59	70,888,179	190	31,974,040	8,701,949,000	2	2,352,677,525	2,030,092,740
1996	52	43,559,779	117	17,095,894	8,586,295,442	3	2,306,016,973	2,003,659,870
1995	54	33,325,208	104	13,924,629	5,207,798,618	3	2,263,484,573	1,968,592,950

(1) Source - City of Jackson Building and Permit Division.

(2) Estimated Actual Value.

CITY OF JACKSON
MISCELLANEOUS STATISTICS
September 30, 2004

Date of Incorporation	1822		
Form of Government	Mayor-Council		
Area	104 Square Miles		
City Employees:			
Monthly	2,100		
Weekly	400		
Miles of Streets:			
Paved	1425		
Gravel	2.5 Miles		
Number of Street Lights	23,262		
Fire Protection:			
Number of Stations	21		
Number of Firefighters	361		
Number of Civilians	11		
Rescue Units	8		
Police Protection:			
Number of Stations	(1Main, 4 Precincts)		
	Bike/Foot Patrol/SNI/NET*		
Number of Officers	490		
Number of Civilian Employees	223		
Number of School Crossing Guards	61		
Education			
Number of Schools	59		
Enrollment	31,580		
Number of Classrooms	1,858		
Number of Teachers	2,092		
Municipal Water Department:			
Number of Consumers	69,553		
Average Daily Consumption	25,600,000		
Miles of Water Mains	1,220		
Sewers:			
Sanitary Sewers	909 Miles		
Storm Sewers	460 Miles		
Building Permits Issued	1,366		
Recreation and Culture:			
Number of Playgrounds	54	Number of Ball Fields	47
Number of Golf Courses	2	Number of Soccer Fields	18
Number of Swimming Pools	9	Number of Zoos (Includes one Mini-Train)	1
Number of Community Centers	10	Number of Special Education and	
Number of Tennis Centers	3	Handicap Centers	1
Number of Tennis Courts	61	Number of Jogging Trails	11
Number of Gyms	5	Number of Libraries	15
Number of Baseball Stadiums	1		

*SNI - Safe Neighborhood Initiative

*NET - Neighborhood Enhancement Team

CITY OF JACKSON
SCHEDULE OF BONDS OF CITY OFFICIALS
September 30, 2004

Company: Western Surety Company

Limits of liability: Faithful Performance Blanket
Position Bond Coverage

Position	Coverage per each	Term of bond
All employees, except Director of Administration, Chief of Police, City Clerk, Deputy Chief of Police (4) Deputy Clerks (9)	\$80,000	10/07/03 - 10/07/04

Company: Old Republic Surety Company
Agent: Statewide General Insurance Company

Western Surety Company

The Travelers Indemnity Company

Boyles Moak & Brickell Marchetti Insurance Incorporated

Limits of liability: Surety Bond coverage as follows:

Position	Coverage per each	Term of bond
Director of Administration	\$50,000	08/26/03 - 08/26/04
City Clerk	\$50,000	11/19/03 - 11/19/04
Deputy Clerk	\$10,000	08/22/03 - 08/22/04
Deputy Clerk	\$10,000	08/22/03 - 08/22/04
Deputy Clerk	\$10,000	07/11/03 - 07/11/04
Deputy Clerk	\$10,000	04/01/03 - 04/01/04
Deputy Clerk	\$10,000	08/22/02 - 08/22/03
Deputy Clerk	\$10,000	08/22/02 - 08/22/03
Deputy Clerk	\$10,000	07/11/02 - 07/11/03
Deputy Clerk	\$10,000	07/11/02 - 07/11/03
Deputy Clerk	\$10,000	04/01/02 - 04/01/03
Chief of Police	\$80,000	12/12/03 - 12/12/04
Deputy Chief of Police	\$25,000	09/24/02 - 09/24/03
Deputy Chief of Police	\$25,000	04/01/02 - 04/01/03
Deputy Chief of Police	\$25,000	06/09/02 - 06/09/03
Deputy Chief of Police	\$25,000	06/09/02 - 06/09/03

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of the City Council
Jackson, Mississippi

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Jackson, Mississippi (the City), as of and for the year ended September 30, 2004, which collectively comprise the City basic financial statements and have issued our report thereon dated March 31, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as finding number 2004-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Mayor, City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley, White & Co.

March 31, 2005

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
STATE LAWS AND REGULATIONS

To the Honorable Mayor Harvey Johnson, Jr., and
Honorable Members of the City Council
City of Jackson, Mississippi

We have audited the financial statements of the City of Jackson, Mississippi (the City) as of and for the year ended September 30, 2004, and have issued our report thereon dated March 31, 2005. We conducted our audit in accordance auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*.

As required by the state legal compliance audit program prescribed by the Office of the State Auditor, we have also performed procedures to test compliance with certain state laws and regulations. However, providing an opinion on compliance with state laws and regulations was not an objective of our audit and, accordingly, we do not express such an opinion.

The results of those procedures and our audit of the basic financial statements disclosed material instances of noncompliance with state laws and regulations. Our finding and recommendation and your response is as follows:

1. Finding

The City of Jackson did not obtain surety bond coverage for six (6) deputy city clerk positions and three (3) deputy police chief positions as required by the state statute.

Recommendation

The City should comply with Section 21-15-23, Miss. Code Ann. (1972) and Section 45-5-9, Miss. Code Ann. (1972) which requires that surety bond coverage be maintained in an amount that meets state legal requirements for key personnel positions.

City of Jackson's Response

On March 31, 2005, surety bond coverage was obtained from a bonding company for five (5) additional Deputy City Clerks and four (4) Deputy Police Chiefs. The non compliance of not having coverage initially occurred due to a breakdown in our communication system. To ensure future compliance with the state laws, arrangements have been made with the Police Chief and City Clerk to notify the Risk Manager, in writing, when new employees are hired or promoted into such positions.

This report is intended solely for the information of the Mayor, City Council, management others within the organization, Office of the State Auditor and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


March 31, 2005

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
<u>U.S. Dept. of Health and Human Services</u>				
Direct Program				
Metropolitan Medical Response System	93.000	233-01-0043	\$ 14,539	\$ 234,138
SUBTOTAL CFDA NUMBER 93.000			<u>14,539</u>	<u>234,138</u>
Title III-B				
(Central MS Planning and Development District - Pass Through)				
Outreach	93.044	377-E-25	<u>10,000</u>	<u>10,000</u>
SUBTOTAL CFDA NUMBER 93.044			<u>10,000</u>	<u>10,000</u>
Title III-C-I Older American Act				
(Central MS Planning and Development District - Pass Through)				
Congregate Nutrition Program (Non-cash)	93.045	378-E-25	<u>58,944</u>	<u>58,944</u>
SUBTOTAL CFDA NUMBER 93.045			<u>58,944</u>	<u>58,944</u>
(State of MS Office of Child Nutrition - Pass Through)				
Child Care Development Block Grant	93.575	625Q641	586,112	586,112
Child Care Development Block Grant	93.575	625Q631	<u>632,971</u>	<u>1,266,499</u>
SUBTOTAL CFDA NUMBER 93.575			<u>1,219,083</u>	<u>1,852,611</u>
(Mississippi Development Authority - Pass Through)				
Urban Enterprise Grant	93.585	EZ03-EZ/EC-Urban	<u>518,834</u>	<u>1,626,855</u>
SUBTOTAL CFDA NUMBER 93.585			<u>518,834</u>	<u>1,626,855</u>
Title XX-Social Services Block Grant				
(Central MS Planning and Development District - Pass Through)				
Home Delivered Meals	93.667	396-X-25	9,835	9,835
Transportation	93.667	396-X-25	92,251	92,251
Home Delivered Meals (Non-cash)	93.667	396-X-25	<u>220,000</u>	<u>220,000</u>
SUBTOTAL CFDA NUMBER 93.667			<u>322,086</u>	<u>322,086</u>
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES			<u>2,143,486</u>	<u>4,104,634</u>

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
Continued				
<u>U.S. Department of Housing and Urban Development</u>				
Direct Programs:				
Community Development Block Grant	14.218	B-01-MC-28-0003	646,741	3,690,064
Community Development Block Grant	14.218	B-02-MC-28-0003	2,196,149	2,196,149
SUBTOTAL CFDA NUMBER 14.218			<u>2,842,890</u>	<u>5,886,213</u>
Emergency Shelter Program	14.231	S-02-MC-28-0002	36,717	131,095
Emergency Shelter Program	14.231	S-03-MC-28-0002	87,283	87,283
SUBTOTAL CFDA NUMBER 14.231			<u>124,000</u>	<u>218,378</u>
Home Investment Partnership Program	14.239	M-97-MC-28-0200	142,991	603,876
Home Investment Partnership Program	14.239	M-98-MC-28-0200	184,124	965,092
Home Investment Partnership Program	14.239	M-99-MC-28-0200	408,137	1,201,775
Home Investment Partnership Program	14.239	M-00-MC-28-0200	592,553	776,250
Home Investment Partnership Program	14.239	M-01-MC-28-0200	253,063	581,828
Home Investment Partnership Program	14.239	M-02-MC-28-0200	161,719	211,734
Home Investment Partnership Program	14.239	M-03-MC-28-0200	13,800	13,800
SUBTOTAL CFDA NUMBER 14.239			<u>1,756,387</u>	<u>4,354,355</u>
Economic Development Initiative Special Project	14.246	B-98-SP-MS-0098	723,799	1,000,000
Economic Development Initiative Special Project	14.246	B-99-SP-MS-0169	55,113	520,376
Economic Development Initiative Special Project	14.246	B-00-SP-MS-0212	554,939	587,663
Economic Development Initiative Special Project	14.246	B-01-SP-MS-0321	18,660	28,888
Economic Development Initiative Special Project	14.246	B-01-SP-MS-0744	117,618	297,626
Economic Development Initiative Special Project	14.246	B-02-SP-MS-0352	1,017	1,017
SUBTOTAL CFDA NUMBER 14.246			<u>1,471,146</u>	<u>2,435,570</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>6,194,423</u>	<u>12,894,516</u>
<u>U.S. Department of Transportation</u>				
Federal Transit Authority				
Direct Programs:				
Federal Transit Formula Grants	20.507	MS-03-00-11	-	4,864,539
Federal Transit Formula Grants	20.507	MS-03-00-12	5,150	1,410,930
Federal Transit Formula Grants	20.507	MS-03-00-13	360,000	1,249,020
Federal Transit Formula Grants	20.507	MS-03-00-14	77,649	1,664,525
Federal Transit Formula Grants	20.507	MS-90-X0-65	24,584	2,389,559
Federal Transit Formula Grants	20.507	MS-90-X0-70	1,218,612	3,687,679
SUBTOTAL CFDA NUMBER 20.507			<u>1,685,995</u>	<u>15,266,252</u>

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
<u>U.S. Department of Transportation(Continued)</u>				
<u>Federal Highway Administration</u>				
(Mississippi Department of Transportation - Pass Through)				
Urban Youth Corps Grant	20.000	N/A	18,920	18,920
SUBTOTAL CFDA NUMBER 20.000			18,920	18,920
Highway Planning and Construction (Union Station)	20.205	STP-0250-(12)A/46	79,548	6,181,936
SUBTOTAL CFDA NUMBER 20.205			79,548	6,181,936
Rural Transportation Grant (Inter-City Bus/Rural Carrier Facility)	20.509	501353	12,220	933,315
SUBTOTAL CFDA NUMBER 20.509			12,220	933,315
(Mississippi Department of Public Safety - Pass Through)				
Occupant Restraint	20.600	4-IN-2191	10,100	10,100
SUBTOTAL CFDA NUMBER 20.600			10,100	10,100
TOTAL U.S. DEPARTMENT OF TRANSPORTATION Continued			1,806,783	22,410,523
<u>U.S. Department of Justice</u>				
Direct Program:				
Nunn-Lugar-Domenici Domestic Preparedness Program	16.007	2002-TE-CX-0032	24,958	176,397
SUBTOTAL CFDA NUMBER 16.007			24,958	176,397
(Mississippi Department of Public Safety - Pass Through)				
Juvenile Accountability Incentive Block Grant	16.523	0JB2191	50,215	239,531
Juvenile Accountability Incentive Block Grant	16.523	1JB2191	97,235	97,235
SUBTOTAL CFDA NUMBER 16.523			147,450	336,766
Direct Program:				
Juvenile Justice Delinquency Prevention (GED/Beyond)	16.540	2003-JS-FX-0007	79,169	79,169
SUBTOTAL CFDA NUMBER 16.540			79,169	79,169
(Mississippi Department of Public Safety - Pass Through)				
Byrne Formula Grant	16.579	2NW2191	63,518	63,518
SUBTOTAL CFDA NUMBER 16.579			63,518	63,518
Stop Violence Against Women Grant	16.588	1SL2192	54,701	54,701
Stop Violence Against Women Grant	16.588	2SL2192	54,701	54,701
Stop Violence Against Women Grant	16.588	3SL2192	13,675	13,675
SUBTOTAL CFDA NUMBER 16.588			123,077	123,077
Direct Programs:				
Local Law Enforcement Block Grant	16.592	2001-LB-BX-3505	193,459	388,656
Local Law Enforcement Block Grant	16.592	2002-LB-BX-1895	187,611	191,800
Local Law Enforcement Block Grant	16.592	2003-LB-BX-2672	110,247	110,247
SUBTOTAL CFDA NUMBER 16.592			491,317	690,703
Weed & Seed	16.595	02-WS-QX-0074	40,029	224,997
Weed & Seed	16.595	04-WS-Q4-0033	67,192	67,192
SUBTOTAL CFDA NUMBER 16.595			107,221	292,189

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
<u>U.S. Department of Justice (Continued)</u>				
COPS - Technology	16.710	2001CKWX0061	5	997,801
COPS - Technology	16.710	2002CKWX0096	201,961	604,006
COPS - Universal Hiring Grant	16.710	95ULWX0025	610,724	3,101,069
SUBTOTAL CFDA NUMBER 16.710			812,690	4,702,876
COPS - Safe Neighborhoods	16.732	2002-SIFX0003	97,163	182,715
SUBTOTAL CFDA NUMBER 16.732			97,163	182,715
TOTAL U.S. DEPARTMENT OF JUSTICE			1,946,563	6,647,410
<u>U.S. Department of Labor</u>				
Older Americans Act				
(Central Mississippi Planning and Development District - Pass Through)				
Senior Community Service Employment (Title V)	17.235	398-B-25	23,465	25,718
Senior Community Service Employment (Title V)	17.235	398-C-25	11,334	11,334
(Senior Service America, Inc. - Pass Thru)				
Senior Aides - Title V	17.235	AD-13028-03-60	243,260	313,277
Senior Aides - Title V	17.235	AD-13028-04-60	65,927	65,927
SUBTOTAL CFDA NUMBER 17.235			343,986	416,256
TOTAL U.S. DEPARTMENT OF LABOR			343,986	416,256
<u>U.S. Department of Agriculture</u>				
Direct Program:				
(Natural Resource Conservation Service - Pass Through)				
Conservation Technical Assistance Grant	10.000	69-4423-3-9397	100,000	100,000
SUBTOTAL CFDA NUMBER 10.000			100,000	100,000
Food and Nutrition Service (MS Department of Education - Pass Through)				
Child Care Food Program	10.558	V0000718080	227,430	227,430
SUBTOTAL CFDA NUMBER 10.558			227,430	227,430
Child Care Food Program(Summer Feeding)	10.559	V0000718080	98,354	98,354
SUBTOTAL CFDA NUMBER 10.559			98,354	98,354
(Central Mississippi Planning and Development District - Pass Through)				
Child Care Food Program(Title XX Home Delivered Meals) (Non-cash)	10.565	396-X-25	65,973	65,973
Child Care Food Program(Title IIIC-1) (Non-cash)	10.565	378-E-25	23,354	23,354
SUBTOTAL CFDA NUMBER 10.565			89,327	89,327
TOTAL U.S. DEPARTMENT OF AGRICULTURE			515,111	515,111
<u>U.S. Environmental Protection Agency</u>				
Direct Programs:				
Vulnerability Assessment Grant	66.000	HS-82992801-0	67,727	115,000
SUBTOTAL CFDA NUMBER 66.000			67,727	115,000
Brownfields Economic Redevelopment Initiative	66.811	BP-984483-98-0	32,720	402,983
SUBTOTAL CFDA NUMBER 66.811			32,720	402,983
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			100,447	517,983

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
Continued				
<u>Federal Emergency Management Agency</u>				
Direct Programs:				
Domestic Preparedness Equipment Grant	83	3SUP-52	90,515	90,515
SUBTOTAL CFDA NUMBER 83.000			90,515	90,515
Fire Operations and Firefighter Safety	83.544	EMW-2002-FG-10983	90,887	90,887
SUBTOTAL CFDA NUMBER 83.544			90,887	90,887
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			181,402	181,402
<u>U.S. Office of National Drug Control Policy</u>				
(MS Gulf Coast HIDTA - Pass Through)				
High Intensity Drug Trafficking Area (HIDTA)	07	I1PGCP523	320	24,454
High Intensity Drug Trafficking Area (HIDTA)	07	I2PGCP523	32,044	32,044
High Intensity Drug Trafficking Area (HIDTA)	07	I3PGCP523	92,960	92,960
High Intensity Drug Trafficking Area (HIDTA)	07	I4PGCP523Z	18,247	18,247
SUBTOTAL CFDA NUMBER 07			143,571	167,705
TOTAL U.S. OFFICE OF NATIONAL DRUG CONTROL POLICY			143,571	167,705
<u>U.S. Department of Energy</u>				
Mississippi Development Authority (Pass-Through)				
Police Substation Grant - Mayor's Brownsfield Initiative	81	GT03-142-001	30,000	30,000
SUBTOTAL CFDA NUMBER 81			30,000	30,000
TOTAL U.S. DEPARTMENT OF ENERGY			30,000	30,000
<u>U.S. Federal Mediation and Conciliation Service</u>				
Mayor's Youth Initiative	34	N/A	8,500	8,500
SUBTOTAL CFDA NUMBER 34			8,500	8,500
TOTAL FEDERAL MEDIATION AND CONCILIATION SERVICE			8,500	8,500
<u>U.S. Department of Homeland Security</u>				
Mississippi Emergency Management Agency (Pass-Through)				
Public Assistance Grants	97.036	FEMA-1459-DR-MS	206,314	273,353
SUBTOTAL CFDA NUMBER 97.036			206,314	273,353
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			206,314	273,353
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 13,620,586	\$ 48,167,393

Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

Federal Agency/Program	Federal CFDA Number	Pass Through Grantors Number	Current Year Federal Expenditures	Cumulative Expenditures thru 09/30/04
Continued				
<u>State of MS Commission on Environmental Quality</u>				
<u>(Department of Environmental Quality)</u>				
The City of Jackson has the following loans payable to the Department of Environmental Quality at September 30, 2004 which were used for sewer improvements and to construct pollution control facilities.				
Lynch Creek Sewer Improvements 4% note dated September 30, 1992	66.458	SRF-C280785-01-0	-	\$ 4,009,271
Lynch Creek Interceptor 4.5% note dated January 30, 1995	66.458	SRF-C280785-02-1	-	1,368,339
West Bank Interceptor (Fairgrounds) 1.75% note dated July 1, 2003	66.458	SRF-C280886-01-1	-	2,142,813
Lynch Creek Interceptor Replacement 3.0% note dated June 1, 2003	66.458	SRF-C280785-04-2	-	5,309,429
Lynch Creek Interceptor Replacement 4.5% note dated September 30, 1994 as amended March 1996	66.458	SRF-C280785-03-1	-	2,050,172
O. B. Curtis Water Treatment Plant	66.458	SRF-C280838-01-1	-	5,668,882
TOTAL DEPARTMENT OF ENVIRONMENTAL QUALITY				<u>\$ 20,548,906</u>

CITY OF JACKSON
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2004

NOTE 1. *Basis of Presentation*

The accompanying schedule of expenditures of federal awards includes the federal grant Activity of the City of Jackson and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE 2. *Subrecipients*

Of the federal expenditures presented in the schedule, the City of Jackson provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Provided to Subrecipients</u>
Community Development Block Grant – Entitlement Grants	14.218	\$ 474,000
Home Investment Partnership Program	14.239	1,680,020
Emergency Shelter Grant Program	14.231	124,000
Urban Enterprise Grant	93.585	<u>20,850</u>
Total		<u><u>\$ 2,298,870</u></u>

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133

The Honorable Mayor Harvey Johnson, Jr.
and Honorable Members of The City Council
Jackson, Mississippi

Compliance

We have audited the compliance of the City of Jackson, Mississippi (the City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended September 30, 2004. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2004. However, the results of our auditing procedures disclosed instance of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as numbers 2004-2 through 2004-5.

Internal Control Over Compliance

The Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of the Mayor, City Council, management, others within the organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Banks, Finley White & Co.
March 31, 2005

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2004**

2003-1 FINDING NO. 1 – SECTION 2

Condition: Cash advances are being requested in excess of immediate cash needs

Recommendation: The City should establish administrative procedures that govern cash advances on grants. These procedures should require that an assessment be done prior to requesting the advance. This will help to ensure that funds requested are made only to meet actual and/or immediate cash needs.

Current Status: Not corrected

2003-2 FINDING NO. 2 – SECTION 2

Condition: During our review of grant activity, it was noted that the required matching amounts included in the general ledger for various grants was not a representation of the actual shared costs incurred during the reporting period by the City.

Recommendation: We recommend that if the City continues to use budget estimates to allocate matching contributions, that at least quarterly, comparisons of actual costs to budgeted distributions be made and the appropriate adjustments recorded to reflect the actual grant activity.

Current Status: Corrected

2003-3 FINDING NO. 3 – SECTION 2

Condition: During our review of grant receipts and disbursements, for the above mentioned grants (U.S. Department of Transportation Highway Planning & Construction, CFDA #20.205) it was noted that the City did not file claims for reimbursements in a systematic manner or on a timely basis.

Recommendation: We recommend that the City establish specific procedures to ensure that requests for reimbursements are filed in a systematic and timely manner. These procedures should require monthly or quarterly reimbursement requests in order to maximize the City's grant revenue and improve cash management of grant funds and the City's available cash resources.

Current Status: Not corrected

2003-4 FINDING NO. 4 – SECTION 2

Condition: During our audit, we found that the City of Jackson did not reconcile the bank statement for its main account to the general ledger in a timely manner (on a monthly basis).

Recommendation: The City should implement administrative control procedures to ensure that all cash accounts are reconciled to the general ledger on a monthly basis. Any and all reconciling items should be identified and posted to the books on a monthly basis.

Current Status: Corrected

CITY OF JACKSON, MISSISSIPPI
Schedule of Findings and Questioned Costs
Year Ended September 30, 2004

Section 1: Summary of Auditor's Results

- | | | |
|---------------------|---|-------------|
| 1. | Type of auditor's report issued on the general purpose financial statements. | Unqualified |
| 2. | Material noncompliance relating to the financial statements. | None |
| 3. | Internal control over financial reporting: | |
| | a. Material weaknesses identified? | None |
| | b. Reportable conditions identified that are not considered to be material weaknesses? | Yes |
|
Federal Awards: | | |
| 4. | Type of auditor's report issued on compliance for major federal programs | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weaknesses identified? | None |
| | b. Reportable conditions identified that are not considered to be material weaknesses? | None |
| 6. | Any audit findings reported as required by Section __.510(a) of OMB Circular A-133? | None |
| 7. | Federal programs identified as major programs: | |
| | CFDA #14.239 U. S. Department of Housing and Urban Development
Home Investment Partnership Program | |
| | CFDA #20.507 U. S. Department of Transportation, Federal Transit
Discretionary Grant | |
| | CFDA #20.205 U. S. Department of Transportation, Highway Planning
And Construction | |
| | CFDA #93.575 U. S. Department of Health and Human Services
Child Care Development Fund | |
| 8. | The dollar threshold used to distinguish between type A and type B programs: | \$645,913 |
| 9. | The City of Jackson did not qualify as a low-risk auditee. | |

Section 2: Findings Relating to the Financial Statements Audit

DUPLICATE CLAIMS FOR REIMBURSEMENT

2004-1

Statement of Condition

During our review of grant activity, we noted that a duplicate request for reimbursement was submitted to the Mississippi Department of Transportation Section 5311 Program for expenditures that had previously been reimbursed by the EDI Grant for the Union Station Parking Lot Project. Both request for reimbursements were paid by the grantors.

Cause of Condition

Lack of communication between departments responsible for the administration of the project.

Effect of Condition

The request for reimbursement made from the Mississippi Department of Transportation for the Section 5311 grant program was not supported by prior authorizations for the reimbursed activity. As a result, the City was reimbursed for the same expenditures twice, thus excess reimbursements was received in the amount of \$180,763.

Criteria

OMB circular A-102 states that: "...grantee financial management systems shall maintain effective control and accountability for all funds"

Auditor's Recommendation

We recommend that internal administrative controls procedures be implemented to ensure that adequate communication exists between personnel in multiple departments responsible for administering grants for the same project. Additionally, a summary schedule should be maintained that would detail the allocation of grant expenditures by the various funding sources and appropriate personnel should review all requests for reimbursements to ensure that the correct funding sources are charged for the grant expenditures incurred. Finally, the excess fund should be refunded to the Mississippi Department of Transportation.

Section 3: Major Federal Awards Program Findings and Questioned Costs

Finding 2004-01 - REPORTING

Grant Program/CFDA#: Local Law Enforcement Block Grant/ 16.592

Statement of Condition

During our review of the quarterly federal financial reports (SF-269) required by government grantees, we noted that two (2) out of twelve (12) reports had not been filed in a timely manner. Additionally, the final closeout report showed more grant expenditures than the actual expenditures recorded in the City's accounting records.

Cause of Condition

Failure to report federal expenditures recorded in the accounting records accurately on the federal financial reports and to ensure that the related financial reports were filed in a timely manner.

Effect of Condition

The City over reported federal grant expenditures in the amount of \$1,682. Additionally, the City did not comply with the reporting requirements of this grant.

Criteria

Reporting – Federal financial reports shall be complete, accurate and filed in a timely manner.

Auditor's Recommendation

The City of Jackson should correct the previously filed federal financial reports, including all required information, then resubmit the corrected reports along with a refund in the amount of \$1,682 to the grantor. Additionally, the City of Jackson should adhere to established procedures requiring quarterly financial reports to be filed in a timely manner. We suggest a careful review of these reports take place before they are filed. Amounts reported in these reports should always agree with the general ledger.

Finding 2004-02 - REPORTING

Grant Program/CFDA#: COPS Technology Grant/16.710

Statement of Condition

During our review of the quarterly federal financial reports (SF-269) required by government grantees, we noted that one (1) out of four (4) reports had not been filed in a timely manner and the final closeout report did not contain the actual expenditures shown in the City's accounting records for grant expenditures.

Cause of Condition

Failure to report federal expenditures recorded in the accounting records accurately on the federal financial reports and to ensure that the related financial reports were filed in a timely manner.

Effect of Condition

The City over reported federal grant expenditures in the amount of \$11,406. Additionally, the City did not comply with the reporting requirements of this grant.

Criteria

Reporting – Federal financial reports shall be complete, accurate and filed in a timely manner.

Auditor's Recommendation

The City of Jackson should correct the previously filed federal financial reports, including all required information, then resubmit the corrected reports along with a refund in the amount of \$11,406 to the grantor. Additionally, the City of Jackson should adhere to established procedures requiring quarterly financial reports to be filed in a timely manner. We suggest a careful review of these reports take place before they are filed. Amounts reported in these reports should always agree with the general ledger.

Finding 2004-03 – DAVIS-BACON ACT

Grant Program/CFDA#: Economic Development Initiative Special Project/ 14.246

Statement of Condition

During our review of the Union Station Parking Lot Project, we noted that no records of the weekly certified payrolls was maintained as required by the Davis Bacon Act for construction contracts in excess of \$2,000.

Cause of Condition

Failure to follow established procedures as required by the Davis Bacon Act.

Effect of Condition

A contractor or subcontractor could be paying rates below the required wage rates without the City's knowledge. Timely review, monitoring and the correction of any problems discovered cannot be completed if the payrolls are not submitted weekly.

Criteria

Davis-Bacon Act – When required by the Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal DOL. To ensure that contractors and subcontractors are in compliance with the Davis-Bacon Act, grantee personnel must monitor the weekly payrolls of all contractors and subcontractors employed on applicable programs.

Auditor's Recommendation

For all construction contracts in excess of \$2,000 financed by federal assistance, the City of Jackson should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.

Finding 2004-04 – DAVIS-BACON ACT

Grant Program/CFDA#: Farish Street Infrastructure Project/ 93.585

Statement of Condition

During our review of the Enterprise Community Grant partial funding of the Farish Street Infrastructure Project, we noted that no records of the weekly certified payrolls was maintained as required by the Davis Bacon Act for construction contracts in excess of \$2,000.

Cause of Condition

Failure to follow established procedures as required by the Davis Bacon Act

Effect of Condition

A contractor or subcontractor could be paying rates below the required wage rates without the City's knowledge. Timely review and correction of any problems cannot be completed if the payrolls are not submitted weekly.

Criteria

Davis-Bacon Act – When required by the Act, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the Federal DOL. To ensure that contractors and subcontractors are in compliance with the Davis-Bacon Act, grantee personnel must monitor the weekly payrolls of all contractors and subcontractors employed on applicable programs.

Auditor's Recommendation

On all construction contracts in excess of \$2,000 financed by federal assistance, the City of Jackson should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.



CORRECTIVE ACTION PLAN

03/31/05

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The City of Jackson respectfully submits the following corrective action plan for the year ended September 30, 2004.

Name and address of independent public accounting firm: Banks, Finley, White & Company
207 W Amite Street Suite 503, Post Office Box 22645, Jackson MS 39205

Audit period: Year Ended September 30, 2004

The findings from the September 30, 2004 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule, Section 1 of the schedule, Summary of Audit Results, does not include findings and is not addressed.

2. FINDINGS – FINANCIAL STATEMENT AUDIT

DUPLICATE CLAIMS FOR REIMBURSEMENT

Finding No. 2004-1

Recommendation: We recommend that internal administrative controls procedures be implemented to ensure that adequate communication exists between personnel in multiple departments responsible for administering grants for the same project. Additionally, a summary schedule should be maintained that would detail the allocation of grant expenditures by the various funding sources and appropriate personnel should review all requests for reimbursements to ensure that the correct funding sources are charged for the grant expenditures incurred. Finally, the excess fund should be refunded to the Mississippi Department of Transportation.

Action Taken: During the course of the Union Station Multi-Modal Facility Project and the Union Station Parking Lot Project, it was necessary to reallocate some of the grant resources from one grant budget item to another in order to cover all the expenses incurred. In the approved budgets of both the 5311 grant and the EDI grant funds were set-aside for both of the projects mentioned above. The City of Jackson determined it was necessary to pay for Bulldog Construction Invoices 2-5 with proceeds from the 5311 grant, so that we could utilize the EDI funds to cover the cost of architectural and engineering services that would not otherwise be reimbursed. Therefore, as planned, the Transit Services Division processed a drawdown reimbursement request for 5311 funds to cover Bulldog Construction Invoices 2-5. However, due to personnel changes in the City's Administration Division, newly assigned personnel processed a drawdown request for EDI funds also. However, the City was still owed the EDI funds requested to cover the cost of architectural and engineering services performed by Dale and Associates for the Union Station Project. Therefore, the request made for EDI funds was legitimate also. The only error occurred in the City's backup documents supporting the EDI request. The backup documents should have included invoices from Dale and Associates instead of Bulldog Construction. It is relevant to mention that at no time did this mistake go beyond the City's own

records, the closeout documents for the EDI grant reflected the expenditures for the grant as detailed above.

3. FINDINGS – FEDERAL AWARDS PROGRAM

REPORTING

Finding No. 2004-1

Recommendation: The City of Jackson should correct the previously filed federal financial reports, including all required information, then resubmit the corrected reports along with a refund in the amount of \$1,682 to the grantor. Additionally, the City of Jackson should adhere to established procedures requiring quarterly financial reports to be filed in a timely manner. We suggest a careful review of these reports take place before they are filed. Amounts reported in these reports should always agree with the general ledger.

Action Taken: The Police Department concurs to the audit findings in relations to timely reporting of financial reports for all grants in the police department. A procedure is being put in place to log all grants received with the ending and beginning dates and reporting dates, to assure that the reports are completed in a timely manner. The Police Department also concur with the over reported federal grant expenditures and is in the process of correcting the SF-269. All financial reports will be sent to the Department of Finance for review before they are submitted to the granting agency.

REPORTING

Finding No. 2004-2

Recommendation: The City of Jackson should correct the previously filed federal financial reports, including all required information, then resubmit the corrected reports along with a refund in the amount of \$11,406 to the grantor. Additionally, the City of Jackson should adhere to established procedures requiring quarterly financial reports to be filed in a timely manner. We suggest a careful review of these reports take place before they are filed. Amounts reported in these reports should always agree with the general ledger.

Action taken: The Police Department concurs to the audit findings in relations to timely reporting of financial reports for all grants in the police department. A procedure is being put in place to log all grants received with the ending and beginning dates and reporting dates, to assure that the reports are completed in a timely manner. The Police Department also concur with the over reported federal grant expenditures and is in the process of correcting the SF-269. All financial reports will be sent to the Department of Finance for review before they are submitted to the granting agency.

REPORTING

Finding No. 2004-3

Recommendation: For all construction contracts in excess of \$2,000 financed by federal assistance, the City of Jackson should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.

Action taken: The City had in the specs for this project that wage rates was to be followed, etc. Unfortunately, we did not follow up on the information as the project was constructed. However, we are now taking steps to educate our employees to ensure that Davis-Bacon will be followed as part of the management and financial practices. Additionally, we will ensure that not only the project managers are aware of the requirements, but will also be training the Public Works financial personnel in what is required. Other steps are being discussed/developed to ensure compliance with Davis-Bacon Act.

REPORTING

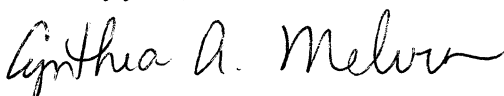
Finding No. 2004-4

Recommendation: For all construction contracts in excess of \$2,000 financed by federal assistance, the City of Jackson should require all contractors to submit weekly payroll data and reconcile all payroll reports to the monthly pay estimate report to ensure that all weekly payrolls are indeed submitted.

Action taken: An outside engineering consulting firm managed this project with the City reporting progress and working through the Mississippi Planning Organization (MPO). It was decided at the pre-construction conference that wage rate verification, in accordance to Davis-Bacon, would be sent directly to the MPO for their review and monitoring in an effort to have quicker turn-around time if problems were to arise and reduce redundancy in the amount of paperwork being generated. We confirmed that this in fact did take place with this project; the MPO was sent all the paperwork. In the future, if the preference is made, the City will be copied on all paperwork relative to Davis-Bacon requirements.

If the U. S. Department of Housing and Urban Development has questions regarding this plan, please call me at (601) 960-2209.

Sincerely yours,



Cynthia A. Melvin,
Director of Administration



Produced and Printed by
City of Jackson
Department of Administration
Publications Division